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中鋁國際工程股份有限公司

**China Aluminum International Engineering Corporation Limited**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2068)**

## **ANNOUNCEMENT IN RELATION TO PROVISION FOR IMPAIRMENT OF ASSETS FOR 2023**

This announcement is made by China Aluminum International Engineering Corporation Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company held the eighteenth meeting of the fourth session of the board of directors (the “**Board**”) and the twelfth meeting of the fourth session of the board of supervisors (the “**Board of Supervisors**”) on 28 January 2024, and considered and approved the Proposal on the Provision for Impairment of Assets of the Company for 2023. The details are announced as follows:

### **I. BASIC INFORMATION OF THE CURRENT PROVISION FOR IMPAIRMENT OF ASSETS**

The Company evaluated the carrying amount of assets as of 31 December 2023 in accordance with the Accounting Standards of China for Business Enterprises and relevant provisions of the accounting policies of the Company, and the provision for impairment of assets was made based on the principle of prudence. After the calculation of the Company, the net provision for impairment of assets for 2023 was approximately RMB2.5 billion in total (including reversal), and the details of which are as follows:

#### **(I) PROVISION FOR IMPAIRMENT OF INVENTORY**

The Company carried out a comprehensive inventory check on the balance sheet date. The provision for impairment of inventory is made when its cost is higher than its net realizable value. The Company made provision for impairment of inventory on the cost of a single inventory item, on the balance sheet date, if the factors causing impairment of inventory no longer exist, the impairment of inventory shall be reversed from the original provision that has already been made.

Based on the above method, the Company made provision for impairment of inventory of approximately RMB600 million in 2023.

## **(II) PROVISION FOR IMPAIRMENT OF RECEIVABLES**

The Company made provision for impairment using the expected credit loss method for financial assets such as accounts receivable, other receivables and long-term receivables. In 2023, the Company made provision for impairment of receivables after comprehensively evaluating the recoverability of receivables by taking into account the risk characteristics of the aforesaid receivables as at the end of December, the nature of the customers, the ageing distribution of the receivables and other information.

Based on the above impairment provision method, the Company made an impairment provision of receivables of approximately RMB600 million in 2023.

## **(III) PROVISION FOR IMPAIRMENT OF CONTRACT ASSETS**

On 1 May 2023, the Company made a change in accounting estimate for the provision for impairment of contract assets with reference to the expected credit loss method for financial assets. In 2023, the Company assessed the credit risk loss and made a provision for impairment of contract assets by taking into account the creditworthiness of the customers to which the contract assets belonged to as at the end of December and the prediction of future economic conditions.

Based on the results of the change in accounting estimate and the expected credit losses on contract assets at year-end, the Company made an impairment provision of approximately RMB1.3 billion for contract assets in 2023.

## **II. IMPACT OF PROVISION FOR IMPAIRMENT OF ASSETS ON THE COMPANY'S FINANCIAL POSITION**

In accordance with the Accounting Standards for Business Enterprises and the accounting policies of the Company, in order to reflect more fairly the Company's asset position, the Company made a net provision for impairment (including reversal) of approximately RMB2.5 billion based on the principle of prudence, and the total profit under its consolidated statements was reduced by approximately RMB2.5 billion accordingly.

## **III. OPINION OF THE AUDIT COMMITTEE OF THE BOARD ON THE PROVISION FOR IMPAIRMENT OF ASSETS**

The audit committee of the Board is of the view that the current provision for impairment of assets is in compliance with the relevant accounting policies, fairly reflected the position of the Company's assets, complies with the relevant regulations of the China Securities Regulatory Commission, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, is in line with the actual situation of the Company, and is not detrimental to the interests of the Company and the small and medium-sized shareholders.

#### **IV. OPINIONS OF THE BOARD ON THE PROVISION FOR IMPAIRMENT OF ASSETS**

The Board is of the view that the Company's current provision for impairment of assets is in compliance with the Accounting Standards of China for Business Enterprises and the accounting policies of the Company. Such provision was made based on the principle of prudence, which could fairly reflect the position of the Company's assets. The Board agreed that the provision for impairment of assets for the current period should be made.

#### **V. OPINIONS OF THE BOARD OF SUPERVISORS ON THE PROVISION FOR IMPAIRMENT OF ASSETS**

The Board of Supervisors is of the view that the Company's provision for impairment of assets for the current period was in compliance with the Accounting Standards of China for Business Enterprises and relevant provisions of the accounting policies of the Company, and was in line with the actual position of the Company. Such provision could fairly reflect the position of the Company's assets. The decision-making procedures for the provision for impairment was legal. The Board of Supervisors agreed that the provision for impairment of assets for the current period should be made.

#### **VI. OTHER MATTERS**

The above announced data are unaudited and are merely the preliminary accounting data of the Company's finance department in accordance with the Accounting Standards of China for Business Enterprises, and the specific and accurate financial data shall be subject to the 2023 annual report formally disclosed by the Company, investors are advised to pay attention to investment risks.

Announcement is hereby made.

By Order of the Board  
**China Aluminum International Engineering Corporation Limited**  
**LI Yihua**  
*Chairman*

Beijing, the PRC, 28 January 2024

*As at the date of this announcement, the non-executive director is Mr. ZHOU Xinzhe and Mr. ZHANG Decheng; the executive directors are Mr. LI Yihua, Mr. LIU Jing, Mr. LIU Ruiping and Ms. ZHAO Hongmei; and the independent non-executive directors are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.*