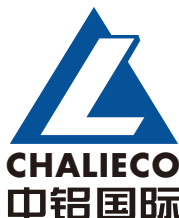


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ON THE CHANGES IN ACCOUNTING ESTIMATES

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).

I. INTRODUCTION

In order to reflect the credit risk, financial conditions and operating results of the same customer more accurately and objectively, the Company intends to change certain of its accounting estimates on the expected credit loss arising from contract assets with reference to the expected credit loss test model adopted by peers which are also listed companies in the same industry. Such changes shall be effective from 1 May 2023.

At the 13th meeting of the fourth session of the board of directors of the Company held on 28 June 2023, the Proposal Approving the Changes in Accounting Estimates for Expected Credit Losses Arising from Contract Assets was considered and approved. The proposal is not subject to consideration and approval by shareholders at a general meeting of the Company.

II. CIRCUMSTANCES AND THE IMPACT ON THE COMPANY

(I) Reasons for the Changes in Accounting Estimates

In view of the changing landscape on the Company's customers' end and as part of the Company's effort to further optimize the risk management measures for customers, the Company has conducted a general assessment on the composition of and risks associated with our accounts receivables and contract assets. The Company is of the view that the original accounting estimates on expected credit loss arising from contract assets failed to bring contract assets in line with expected credit loss risks associated with accounts receivables relating to the same customer. In order to reflect the credit risk, financial conditions and operating results of the same customer more accurately and objectively, the Company intends to change certain of its accounting estimates on the expected credit loss arising from contract assets with reference to the expected credit loss test model adopted by peers which are also listed companies in the same industry.

(II) Date of the Changes

The changes in accounting estimates shall be effective from 1 May 2023.

(III) The Changes

1. *Substance Before the Changes*

On the balance sheet date, if expected credit loss can be evaluated for contract assets individually significant (a contract asset is individually significant if it reaches RMB5 million) and some contract assets not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis. The remaining contract assets are divided into two groups taking into consideration past experience, current conditions and future forecast, and expected credit loss is estimated and loss allowance is recognized as follows respectively:

(1) *Group 1: Contract assets not delivered to customers for use*

For these contract assets, the Company recognizes loss allowance for contract assets at 0.5% of the balance.

(2) *Group 2: Contract assets delivered to customers for use*

The Company recognizes loss allowance for the contract assets on the basis of aging analysis. The aging is calculated from the date of delivery and the loss allowance percentage is as follows:

Aging	Accrual ratio (%)
Within 1 year (inclusive)	0.50
Between 1-2 years	10.00
Between 2-3 years	20.00
Between 3-4 years	30.00
Between 4-5 years	50.00
Over 5 years	100.00

2. *Substance After the Changes*

On the balance sheet date, if expected credit loss can be evaluated for contract assets individually significant (a contract asset is individually significant if it reaches RMB5 million) and some contract assets not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis. Expected credit loss of the remaining contract assets are estimated as a group taking into consideration past experience, current conditions and future forecast based on the aging analysis (calculated from the date on which such contract assets are recognized) on a pro rata basis (in line with accounts receivables), and loss allowance is recognized as follows respectively:

(IV) Impact of the Changes in Accounting Estimates on the Company

In accordance with the provisions of Accounting Standards for Business Enterprises No. 28 – Changes of Accounting Policies and Accounting Estimates and Error Correction, corresponding accounting treatment will be applied to such changes based on the prospective application approach, and therefore such changes will not have any impact on the financial conditions and operating results of the Company in previous years. No retrospective adjustment is required on disclosed financial reports as a result of such changes.

Based on the interim estimates, such changes are expected to result in an increase of RMB1.186 billion in expected credit losses and a decrease of RMB1.186 billion in profit of the Company for the first half of 2023. Net profit and profit attributable to the parent are expected to drop by RMB1.008 billion and RMB958 million, respectively (the above figures are unaudited).

III. CONCLUSION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND SUPERVISORY BOARD

The independent non-executive directors are of the view that: such changes are made in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 28 – Changes of Accounting Policies and Accounting Estimates and Error Correction and the actual operation of the Company. The revised accounting estimates comply with the relevant regulations of regulatory bodies including the Ministry of Finance, State-owned Assets Supervision and Administration Commission of the State Council, China Securities Regulatory Commission and Shanghai Stock Exchange, reflect more accurately the Company's financial conditions and operating results, and do not compromise the interests of the Company's shareholders, in particular minority shareholders. Procedure-wise, the consideration and approval of such changes are compliant with relevant laws and regulations and the Articles of Association.

The supervisory board is of the view that: such changes are in line with the relevant provisions of the Accounting Standards for Business Enterprises and can reflect more fairly the financial conditions and operating results of the Company. Procedure-wise, it is legitimate, not exploited to adjust accounting estimates to manipulate profits, and is not detrimental to the interests of the Company and shareholders as a whole. Therefore, we agree unanimously to such changes.

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

Beijing, the PRC, 28 June 2023

As at the date of this announcement, the non-executive directors are Mr. HU Zhenjie and Mr. ZHOU Xinzhe; the executive directors are Mr. LI Yihua, Mr. LIU Jing and Mr. LIU Ruiping; and the independent non-executive directors are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.