

Stock code: 601668

Abbreviation: CSCEC

No.: Interim 2025-052



中國建築股份有限公司
CHINA STATE CONSTRUCTION ENGRG.CORP.LTD

Announcement on Provision for Asset Impairment in 2025H1

The Board of Directors of the Company and each member of the Board of Directors guarantee that the contents of the public announcement contain no false or misleading statements or major omission, and they are jointly and severally liable for the truthfulness, accuracy and completeness of the said contents.

The *Proposal on Provision for Asset Impairment in 2025H1 of CSCEC* was reviewed and adopted at the 20th meeting of the fourth Board of Directors and the 9th meeting of the fourth Board of Supervisors of China State Construction Engineering Corporation Limited (hereinafter referred to as the "Company") held on August 28, 2025. The details are as follows:

I. Overview of provision for asset impairment

To obtain a clear, true, and objective understanding of the Company's asset value, financial standing, and operations, and in accordance with the *Accounting Standards for Business Enterprises* and relevant accounting policies, as well as the principle of prudence, the Company conducted a comprehensive inspection of all assets in the consolidated financial statements as of June 30, 2025 and carried out impairment test. Provisions were made for the relevant assets based on the results of these tests. These procedures were validated by the accounting firm entrusted for the annual audit. From January to June 2025, the total impairment provision of the Company was RMB 7.61 billion, with the details as follows:

1. Provision for impairment of accounts receivable and other financial assets

The provision for impairment of financial assets, such as the accounts receivables, other receivables, long-term receivables and debt investments was made using the expected credit loss measuring method. The Company recorded credit loss provisions of RMB 5.99 billion for the first half of 2025, based on a comprehensive assessment of the recoverability of its receivables, taking into account the risk profile, customer type, and aging distribution of receivables as of the end of June.

2. Provision for impairment of contract assets

Contract assets or liabilities were listed in the balance sheet based on customers' payment obligations and actual payments, alongside with the net amount resulting from offsetting the assets and liabilities under the same contract. The contract assets were by nature divided into investment funds unconfirmed by owners, quality assurance deposits, and funds not yet settled for completed projects. For contract assets, the provision for impairment of financial assets was made using the expected credit loss measuring method. In 2025H1, the provision for impairment of contract assets amounted to RMB 520 million, determined based on the expected credit losses, which considered the credit standing of customers holding the contract assets as of the end of June and the economic outlook.

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

3. Provision for inventory impairment

The Company measures its inventory at the lower of cost or net realizable value, taking into account factors such as the geographical location of projects, property quality, market expectations, sales progress, surrounding property prices, and cost budgets to assess the net realizable value comprehensively. In 2025H1, the Company recognized an inventory impairment provision of RMB 1.0 billion, which was based on instances where the cost exceeded the net realizable value.

4. Provision for impairment of other assets

The provision for impairment of intangible and fixed assets in 2025H1 was RMB 100 million, which was made based on the asset assessment and impairment test conducted in accordance with the *Accounting Standards for Business Enterprises* and the Company's accounting policies.

II. Impact of the impairment provision on the Company

The provision for impairment from January to June 2025 resulted in an increase of RMB 5.99 billion in credit losses, an increase of RMB 1.62 billion in asset losses, and a decrease of RMB 7.61 billion in total profits as shown in the the Company's consolidated financial statements.

III. Decision-making process

This impairment provision has been reviewed at the 7th meeting of the Audit and Risk Committee under the fourth Board of Directors, and was deliberated on and adopted at the 20th meeting of the fourth Board of Directors and the 9th meeting of the fourth Board of Supervisors.

The Audit and Risk Committee under the Board of Directors agreed with the impairment provision scheme for 2025H1, believing that it was in compliance with the *Accounting Standards for Business Enterprises* and the Company's accounting policies and accounting estimates, able to objectively reflect the assets of the Company, in the interests of the Company and its shareholders as a whole, and not prejudicing the legitimate rights or interests of the Company and its minority shareholders, and submitted the scheme to the Board of Directors for deliberation. The Board of Directors agreed with the impairment provision of RMB 7.61 billion from January to June 2025, considering that the impairment provision was in compliance with the accounting policies and the Company's accounting estimates, internal control policies and the actual asset condition, and was well-grounded and able to objectively reflect the assets of the Company.

The Board of Supervisors of the Company agreed with the impairment provision, holding that the provision was lawful, well-grounded, and in compliance with the *Accounting Standards for Business Enterprises* and the Company's accounting policies, and the financial statements after the provision could objectively reflect the assets of the Company.

IV. List of documents for reference

1. Resolutions of the 20th Meeting of the Fourth Board of Directors of CSCEC
2. Resolutions of the 9th Meeting of the Fourth Board of Supervisors of CSCEC

This is a free translation into English of an announcement issued in China and is provided solely for the convenience of English-speaking readers. This announcement should be read in conjunction with, and is construed in accordance with, relevant Chinese laws and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's announcements on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The above is hereby announced.

The Board of Directors of China State Construction Engineering Corporation Limited

August 28, 2025