Stock Code: 600988 Stock Name: Chifeng Gold Announcement No.: 2022-040

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on Provision for Impairment of Assets

in 2021

The Board of Directors and all directors of the Company warrant that this announcement does not contain any false records, misleading statements or major omissions, and they will bear joint and several liabilities for the authenticity, accuracy and completeness of its contents.

# Important Tips:

* After testing and auditing by accountants, the Company made provision for impairment of assets of RMB 193,598,600 in 2021.

# I. Overview of this provision for impairment of assets

According to the *Accounting Standards for Business Enterprises* and the relevant provisions of the Company’s accounting policies, the Company and its subsidiaries, based on the principle of prudence, conducted a comprehensive inventory and credit impairment test on various assets as of December 31, 2021in order to truly and fairly reflect the Company’s financial situation as of December 31, 2021 and its operating results in 2021. According to the results of inventory and impairment test, the Company and its subsidiaries need to make provision for impairment of assets of RMB 193,598,600 in 2021, as follows:

Amount unit: RMB (“-“ in the table represents loss)

|  |  |  |
| --- | --- | --- |
| Item | Accrual in current period | Accrual in the previous period |
| I. Loss on bad debts | -1,983,887.30 | 3,895,522.52 |
| II. Loss on inventory valuation | -191,614,760.31 | -17,193,109.18 |
| III. Impairment loss of fixed assets | 0 |  |
| IV. Impairment loss of available-for-sale financial assets | 0 | 0 |
| V. Impairment loss of goodwill | 0 | 0 |
| Total | -193,598,647.61 | -13,297,586.66 |

(1) Bad debt provision

According to the *Accounting Standards for Business Enterprises* and the Company’s relevant accounting policies, the Company made corresponding provision for impairment of accounts receivable and other receivables with a long reconciliation age. The amount of bad debt provision for accounts receivable was RMB 777,689.54 in the current period, and the amount of bad debt provision recovered or reversed was RMB 0 in the current period; the amount of bad debt provision for other receivables was RMB 1,206,197.75 in current period, and the amount of bad debt provision recovered or reversed was RMB 0 in the current period.

(2) Provision for decline in inventory

According to the *Accounting Standards for Business Enterprises* and the Company’s relevant accounting policies, the Company conducted impairment tests on inventories with signs of impairment. After tests, the provision for decline in inventory was RMB 192,110,900.44 in the current period, and the reversal and write-off was RMB 13,466,884.05 in the current period, which was reduced by RMB 3,285,093.44 for other reasons. The loss of inventory valuation was RMB 191,614,760.31. The main reason for the provision for decline in inventory this year is that the production scale of gold mine of LXML, a subsidiary of the Company, has expanded, and some low-grade ores are included in the inventory ore. These low-grade ores were tested by the impairment test according to the realizable value at the end of the period.

# II. Review and approval procedure for this provision for impairment of assets

The provision for impairment of assets has been reviewed and approved at the 5th Meeting of the 8th Board of Directors and the 3rd Meeting of the 7th Board of Supervisors of the Company, and need not be submitted to the shareholders’ meeting for review.

# III. Impact of this provision for impairment of assets on the Company

This provision for impairment of assets will reduce the total profit of the Company’s consolidated statement in 2021 by RMB 1,935,598,600.

# V. Explanation of the Board of Directors on the rationality of this provision for impairment of assets

At the5th Meeting of the 8th Board of Directors held on April 29, 2022, the Company reviewed and approved the *Proposal on Provision for Impairment of Assets in 2021* with 13 affirmative votes (100% of the valid votes), 0 negative votes and 0 abstention votes. The Board of Directors of the Company believes that this provision for impairment of assets complies with the *Accounting Standards for Business Enterprises*, relevant accounting policies and regulations and the actual situation of the Company. This provision for impairment of assets is based on the principle of prudence and fully and fairly reflects the financial situation and operating results of the Company.

# VI. Independent opinions of independent directors on this provision for impairment of assets

Independent directors of the Company expressed independent opinions on this provision for impairment of assets. They think that according to the *Accounting Standards for Business Enterprises* and other relevant regulations, this provision for impairment of assets based on the actual situation of the Company conforms to the principles of accounting prudence and consistency, and can fairly reflect the Company’s financial situation and operating results. The relevant decision-making procedure also complies with the provisions of relevant laws, regulations and the *Articles of Association*, and there is no damage to the legitimate rights and interests of the Company and its minority shareholders. Therefore, they agree to make provision for impairment of assets in 2021 and submit it to the shareholders’ meeting for deliberation.

# VII. Opinions of the Board of Supervisors on this provision for impairment of assets

The Board of Supervisors believes that the Company has made provision for impairment of assets in accordance with the *Accounting Standards for Business Enterprises* and relevant regulations. This conforms to the actual situation of the Company, reflects the soundness and prudence of the Company’s accounting policies, and is conducive to reflecting the Company’s assets more fairly after making provision. The relevant decision-making procedure complies with the provisions of relevant laws, regulations and the *Articles of Association*, and there is no damage to the legitimate rights and interests of the Company and its shareholders. Therefore, they agree to with matters related to the Company’s provision for impairment of assets in 2021.

# VIII. Documents for future reference

1. Resolution of the 5th Meeting of the 8th Board of Directors of the Company;

2. Resolution of the 3rd Meeting of the 7th Board of Supervisors of the Company;

3. Independent Opinions of Independent Directors of the Company on Matters Related to the5th Meeting of the 8th Board of Directors of the Company.

It is hereby announced.

Board of Directors of Chifeng Jilong Gold Mining Co., Ltd

 April 30, 2022