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兗礦能源集團股份有限公司
YANKUANG ENERGY GROUP COMPANY LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1171)

**ANNOUNCEMENT IN RELATION TO
THE PROVISION FOR IMPAIRMENT OF ASSETS**

This announcement is made pursuant to the disclosure obligations under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The “Proposal in relation to the discussion and consideration of provision for impairment for assets and bad debt write-off” has been considered and approved at the 21st meeting of the eighth session of the board of directors (the “**Board**”) of Yankuang Energy Group Company Limited* (the “**Company**”). The Company made the provision for asset impairment in respect of the account receivables, inventory, fixed asset and other items (the “**Provision for Impairment for Assets**”), details of which are set out below:

1. Overview of the Provision for Impairment for Assets

Pursuant to the “Accounting Standards for Business Enterprises” issued by the Ministry of Finance of the People's Republic of China and the domestic and overseas listing regulatory requirements, taking into account of the actual operation of the Company, in 2021, the Company’s provision for impairment of assets was RMB1,704.2387 million, among which: the Company’s provision for bad debts was RMB513.1674 million. The reversed provision for depreciation of the inventory was RMB40.4428 million, and the provision for impairment of other assets was RMB1,181.5339 million.

2. Details of the Provision for Impairment of Assets

(1) The provision for bad debts amounting to RMB513.1674 million.

As at 31 December 2021 (the “**Balance Sheet Date**”), the Company reviewed the book value of the accounts receivable, applied the allowance method to account the potential bad debts, and performed the impairment tests individually or in pairs for the purpose of making provision for bad debts. The provision for bad debts of the Company in 2021 was RMB513.1674.

(2) The reversed provision for depreciation of inventory amounting to RMB40.4428 million.

As at the Balance Sheet Date, the valuation of the inventory was calculated by reference to the lower of the cost or the net realizable value, and the provision for depreciation of inventory was made with reference to the excessive value of the inventory’s cost above its net realizable value. In 2021, the Company made a reversed provision for in the depreciation of inventory in the amount of RMB40.4428 million.

(3) The provision for impairment of other assets amounting to RMB1,181.5339 million.

As at the Balance Sheet Date, the valuation of fixed asset was calculated by reference to the lower of the book value or the recoverable value, and the provision for impairment of its asset was made with reference to the excessive value of its book value above its net recoverable value. In 2021, the Company made a provision for impairment of the other assets amounting to RMB1,181.5339 million, among which, as Ordos Lvneng Photo electricity Co., Ltd. needs to dismantle some buildings and other facilities, a provision for impairment of construction in progress amounts to RMB 523.4172 million; a provision for impairment of RMB479.7814 million for Yancoal Australia Limited, mainly due to an estimation that the exploration assets of Donaldson coal are lower economical efficiency and it is necessary to make provision for impairment of construction in progress and intangible assets; a provision for impairment of RMB49.6583 million fixed assets made for Shandong Hua Ju Energy Company Limited was due to the shutting down of the electric power plant.

3. Impact of the Provision for Impairment for Assets to the Company

The Provision for Impairment for Assets amounting to RMB1,704.2387 million resulted in a decrease of RMB1,249.4673 million in the Company’s total net profit for the year 2021. As a result, the net profit attributable to the shareholders of the parent company was decreased by RMB938.3825 million.

4. Opinion of the Board on the Provision for Impairment for Assets

The “Proposal in relation to the discussion and consideration of provision for impairment for assets and bad debt write-off” has been considered and approved at the 21st meeting of the eighth session of the Board held on 30 March 2022.

The Board is of the view that, the Provision for Impairment for Assets is made on a prudent basis and in compliance with the requirements of the relevant requirements such as the accounting standards. The Provision for Impairment for Assets enables the Company to present the status of its assets value and overall operating performance in a fair manner, and is not detrimental to the lawful interests of the Company and its minority shareholders.

5. Opinion of the Independent Directors on the Provision for Impairment for Assets

The independent directors of the Company are of the view that the Provision for Impairment for Assets is justified and in compliance with the requirements of the relevant requirements such as the accounting standards. The Provision for Impairment for Assets will enable the Company to better present its financial position of the Company in a true and fair manner and is in the interests of the Company as a whole. The Provision for Impairment for Assets facilitates the Company in providing true, reliable and accurate accounting information to the investors. The decision-making procedures of the Provision for Impairment for Assets are in line with the requirements of relevant laws, regulations and the articles of association of the Company and is not detrimental to the interests of the Company and its shareholders, especially the minority shareholders.

6. Opinion of the Supervisory Committee on the Provision for Impairment for Assets

The “Proposal in relation to the discussion and consideration of provision for impairment for assets and bad debt write-off” has been considered and approved at the fifth meeting of the eighth session of the supervisory committee of the Company (the “**Supervisory Committee**”) held on 30 March 2022.

The Supervisory Committee is of the view that the Provision for Impairment for Assets is in compliance with the relevant requirements of the accounting standards and the Company’s accounting policies and that it is justified and the procedures are lawful. The Provision for Impairment for Assets enables the Company to better present its financial position of the Company in a true and fair manner, and is not detrimental to the interests of the Company and its shareholders,

especially the minority shareholders. The Supervisory Committee hence approved the Provision for Impairment for Assets.

7. Documents Available for Inspection

- (1) Resolutions passed at the 21st meeting of the eighth session of the Board of the Company;
- (2) Resolutions passed at the 14th meeting of the eighth session of the Supervisory Committee of the Company;
- (3) Independent opinions from the independent directors of the Company on the provision for impairment for assets.

By order of the Board
Yankuang Energy Group Company Limited*
Li Wei
Chairman of the Board

Zoucheng, Shandong Province, the PRC
30 March 2022

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, Mr. Zhao Qingchun, Mr. Wang Ruolin and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang, and Mr. Poon Chiu Kwok.

** For identification purpose only*