

## Announcement of COOEC on the Provision for Impairment

### Important Notes

The Board of Directors and all directors of the Company guarantee that this announcement contains no false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the announcement.

### Important contents:

- The provision for impairment is 54 million yuan.
- The provision for impairment still needs to be submitted to the Company's 2020 annual general meeting of shareholders for review and approval.

### I. Overview of Provision for Impairment

The Company has analyzed and judged whether there are signs of impairment of relevant assets in accordance with relevant provisions of Inventory and Impairment of Assets, and conducted impairment tests based on such analysis and judgment results to accrue reasonable provision for impairment as follows:

Description	Amount accrued this year (10,000 yuan)
<b>Losses from asset impairment</b>	<b>-3,023</b>
Including: provision for obsolete stocks of raw materials	-3,253
Losses from contract asset impairment	230
<b>Losses from credit impairment</b>	<b>-2,355</b>
<b>Total</b>	<b>-5,378</b>

#### (i) Losses from asset impairment

The losses from asset impairment are mainly caused by the provision for obsolete stocks of raw materials. The closing stock of the remaining materials of the Company's completed projects is valued based on the cost or the net realizable value, whichever is

lower, and the provision for obsolete stocks of 32.53 million yuan is accrued.

### **(ii) Losses from credit impairment**

The losses from credit impairment losses are mainly caused by bad debts of accounts receivable. This year, 15.37 million yuan of accounts receivable is collected, and 23.55 million yuan of losses from credit impairment is accrued in the current period.

## **II. Impact of Impairment on the Company's Financial Status and Operating Results**

The provision for impairment this time will reduce the Company's total profit for 2020 by 53.78 million yuan, of which the net profit attributable to shareholders of the listed company will decrease by 45.7 million yuan.

## **III. Relevant Approval Procedures**

### **(1) Explanation of the Company's Board of Directors on the rationality of provision for impairment**

It was deliberated and approved by the Company at the 2nd Meeting of the 7th Board of Directors held on March 19, 2021.

The Board of Directors believe that the provision for impairment is based on the principle of prudence, conforms to the Accounting Standards for Business Enterprises and other relevant regulations and the actual situation of the Company's assets, fairly reflects the Company's asset status, and helps provide more true and reliable accounting information.

### **(ii) Opinions of independent directors**

The independent directors believe that the Company's provision for impairment complies with the Accounting Standards for Business Enterprises and other relevant regulations, can fairly reflect the Company's asset status, the decision-making procedures for provision for impairment are legal, and there is no harm to the legitimate interests of the Company and small and medium shareholders. The independent directors agree to the Company's provision for impairment.

### **(iii) Opinions of the Board of Supervisors**

The Board of Supervisors believe that the Company's provision for impairment in accordance with the Accounting Standards for Business Enterprises and relevant regulations is in line with the Company's actual situation, making the accounting information of the Company's asset value more true, reliable and reasonable; the decision-making procedures of the Board of Directors for provision for impairment are legal; and agree to the provision for impairment.

**(iv) The provision for impairment still needs to be submitted to the Company's 2020 annual general meeting of shareholders for review and approval.**

#### **IV. Documents for Future Reference**

(i) Announcement of COOEC on the Resolutions of the 2nd Meeting of the 7th Board of Directors

(ii) Announcement of COOEC on the Resolutions of the 2nd Meeting of the 7th Board of Supervisors

(iii) Opinions of Independent Directors

The announcement is hereby given.

Board of Directors of COOEC

March 19, 2021