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SD-GOLD

SHANDONG GOLD MINING CO., LTD.

山東黃金礦業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1787)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

ANNUAL RESULTS HIGHLIGHTS OF 2022

- The Group's revenue for the year ended 31 December 2022 was approximately RMB50,305.8 million, representing an increase of approximately 48.25% as compared to the corresponding period of last year;
- The Group's profit of the year for the year ended 31 December 2022 was approximately RMB1,351.5 million, as compared to a loss of RMB229.5 million for the corresponding period of last year;
- Profit for the year attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB1,191.4 million, as compared to a loss for the year attributable to owners of the Company of RMB221.3 million for the corresponding period of last year;
- Basic earnings per share of the Company for the year ended 31 December 2022 was RMB0.19, as compared to basic loss per share of the Company of RMB0.10 for the corresponding period of last year;
- The Board proposed the payment of a final dividend of RMB0.7 per 10 Shares (tax inclusive) for the year ended 2022.

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2022, which is an extract of the audited consolidated financial statements of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

		For the year ended	
		31 December	
		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	50,305,754	33,932,646
Cost of sales		(44,138,322)	(31,557,552)
Gross profit		6,167,432	2,375,094
Selling expenses		(176,421)	(361,149)
General and administrative expenses		(2,465,844)	(2,409,669)
Research and development expenses		(399,567)	(345,606)
Other income		26,070	21,104
Other gains and (losses), net		(318,771)	1,347,506
Finance income		85,147	71,645
Finance costs		(1,051,000)	(732,639)
Share of results of associates		35,273	21,820
Profit/(loss) before tax		1,902,319	(11,894)
Income tax expenses	5	(550,856)	(217,620)
Profit/(loss) for the year		1,351,463	(229,514)
Profit/(loss) for the year attributable to:			
Holder of equity instruments of the Company			
– Ordinary shares		838,263	(426,348)
– Perpetual bonds		353,096	205,047
		1,191,359	(221,301)
– Non-controlling interests		160,104	(8,213)
		1,351,463	(229,514)
Earnings/(loss) per share			
– Basic and diluted (<i>RMB</i>)	6	0.19	(0.10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	1,351,463	(229,514)
Other comprehensive income/(expense): <i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	469,582	(116,256)
Other comprehensive income/(expense)	469,582	(116,256)
Total comprehensive income/(expense) for the year	1,821,045	(345,770)
Total comprehensive income/(expense) for the year attributable to:		
Holders of equity instruments of the Company		
– Ordinary shares	1,307,845	(542,604)
– Perpetual bonds	353,096	205,047
	1,660,941	(337,557)
– Non-controlling interests	160,104	(8,213)
	1,821,045	(345,770)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>Notes</i>	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		37,028,403	31,597,991
Investment properties		176,190	185,341
Right-of-use assets		852,397	743,670
Intangible assets		20,556,647	20,733,033
Goodwill		1,673,190	1,582,526
Investments in associates		1,988,901	1,953,628
Financial assets at fair value through other comprehensive income		7,900	7,900
Financial assets at fair value through profit or loss		5,160,074	5,653,317
Inventories		1,415,830	1,240,310
Deferred income tax assets		289,468	475,874
Other non-current assets		591,840	594,612
		69,740,840	64,768,202
Current assets			
Inventories		4,092,280	2,983,757
Prepayment, trade and other receivables	7	4,683,615	3,579,403
Prepaid income tax		105,146	15,850
Financial assets at fair value through profit or loss		2,959,904	2,681,620
Restricted bank deposits		1,880,825	482,353
Bank balances and cash		7,753,482	4,525,365
		21,475,252	14,268,348

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
AS AT 31 DECEMBER 2022

		As at 31 December 2022	As at 31 December 2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	8	13,144,075	15,249,378
Lease liabilities		64,506	40,685
Current income tax liabilities		303,418	224,667
Borrowings		9,780,631	9,805,312
Financial liabilities at fair value through profit or loss		11,265,745	9,587,259
Current portion of other non-current liabilities		131,562	104,835
		<u>34,689,937</u>	<u>35,012,136</u>
Net current liabilities		<u>(13,214,685)</u>	<u>(20,743,788)</u>
Total assets less current liabilities		<u>56,526,155</u>	<u>44,024,414</u>
Non-current liabilities			
Borrowings		13,548,305	5,339,636
Lease liabilities		143,670	90,781
Deferred income tax liabilities		4,076,245	4,793,109
Deferred revenue		16,084	13,164
Provision for asset retirement obligations		733,117	875,111
Other non-current liabilities		1,206,566	951,734
		<u>19,723,987</u>	<u>12,063,535</u>
Net assets		<u>36,802,168</u>	<u>31,960,879</u>
Capital and reserves			
Share capital	9	4,473,430	4,473,430
Treasury shares		–	(6,293)
Reserves		18,520,429	18,612,130
		<u>22,993,859</u>	<u>23,079,267</u>
Perpetual bonds		9,937,528	6,249,387
Non-controlling interests		3,870,781	2,632,225
		<u>36,802,168</u>	<u>31,960,879</u>
Total equity		<u>36,802,168</u>	<u>31,960,879</u>

NOTES

1 GENERAL INFORMATION

Shandong Gold Mining Co., Ltd. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**” or “**China**”) on 31 January 2000 as a joint stock company with limited liability under the Company Law of the PRC.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**H shares**”) since 28 September 2018, and the Shanghai Stock Exchange (“**A shares**”) since 28 August 2003.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in (i) mining, processing and sale of gold and gold products; (ii) manufacturing and sale of building decoration materials and (iii) investments in equity funds, trading of gold bullion and provision of futures contracts trading services. The address of the Company’s registered office is No. 2503 Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC.

In the opinion of the directors of the Company, the immediate holding company and the ultimate controlling party of the Company are Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) (“**Shandong Gold Group**”) and State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government (山東省人民政府國有資產監督委員會), respectively.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”). IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument, which are measured at fair value at the end of the each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgements and estimates in the process of applying the Group's accounting policies.

2.1.1 *Going concern*

As at 31 December 2022, the Group's recorded current liabilities exceeded its current assets by approximately RMB13,214,685,000. The directors of the Company are of the opinion that the Group will have adequate funds to finance its future financing requirements and working capital based on the following considerations:

- (a) The Group is expected to be profitable and hence continue to generate operation cash inflows from its future business operations.
- (b) The Group has maintained long business relationship with its principal bankers and the principal bankers have confirmed their willingness to provide banking facilities of not less than approximately RMB50,000,000,000 as at 31 December 2022 and available at least next twelve months from 31 December 2022.

In view of the above, the directors of the Company are confident that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue to operate for at least the next twelve months from 31 December 2022. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2.1.2 *Changes in the principal accounting policies and disclosures*

- (a) New or amendments to standards that are effective for the current year

In the current year, the Group has applied, for the first time the following amendments to standards to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning 1 January 2022:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 Cycle

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New or amendments to standards in issue but not yet effective

New or amendments to standards, including IFRSs, IAS, amendments and interpretations, which are not yet effective for the financial year commencing on 1 January 2022 and have not been applied in preparing these consolidated financial statements are listed below:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements. The application of new or amendments to standards will have no material impact on the results and the financial position of the Group.

3 REVENUE

Revenue represents revenue arising on sale of goods, leasing of properties and provision of services for the year. An analysis of the Group's revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Sales of gold bullion, gold related products and others	50,008,737	33,501,995
Brokerage and other fees earned from trading of futures contracts	276,983	416,420
	<u>50,285,720</u>	<u>33,918,415</u>
Revenue from other sources		
Rental income from investment properties	20,034	14,231
	<u>50,305,754</u>	<u>33,932,646</u>

Disaggregation of revenue from contracts with customers by timing of recognition:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	50,285,720	33,918,415

4 SEGMENT INFORMATION

The President Office (總裁辦公會) of the Company is the Group's chief operating decision-maker ("CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM has chosen to organise the Group around differences in products and services.

Financial information of the following reportable segments has been separately presented as discrete segment information for the CODM's review:

- Gold Mining – mining and sales of gold ore;
- Gold Refining – production and sales of gold; and
- Investment Management – investments in equity funds, trading of gold bullion and provision of futures contracts trading services.

Segment revenue and results

For the year ended 31 December 2022

	Gold Mining <i>RMB'000</i>	Gold Refining <i>RMB'000</i>	Investment Management <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	15,853,951	35,218,678	11,854,029	(12,620,904)	50,305,754
Less: inter-segment revenue	(12,027,992)	(592,860)	(52)	12,620,904	–
Revenue from external customers	3,825,959	34,625,818	11,853,977	–	50,305,754
Operating profit/(loss)	2,934,162	36,946	(129,544)	(8,665)	2,832,899
Finance income	425,922	6,189	36,370	(383,334)	85,147
Finance costs	(1,233,444)	(2,050)	(198,840)	383,334	(1,051,000)
Share of results of associates	35,209	–	64	–	35,273
Profit/(loss) before tax	2,161,849	41,085	(291,950)	(8,665)	1,902,319
Income tax expenses (credit)	(594,693)	(8,316)	52,153	–	(550,856)
Profit/(loss) for the year	1,567,156	32,769	(239,797)	(8,665)	1,351,463

As at 31 December 2022

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Total assets	<u>76,291,036</u>	<u>3,773,511</u>	<u>16,072,510</u>	<u>(4,920,965)</u>	<u>91,216,092</u>
Including:					
Investments in associates	<u>1,984,809</u>	<u>–</u>	<u>4,092</u>	<u>–</u>	<u>1,988,901</u>
Total liabilities	<u>45,277,110</u>	<u>2,914,901</u>	<u>11,151,543</u>	<u>(4,929,630)</u>	<u>54,413,924</u>

For the year ended 31 December 2021

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue	10,105,039	23,886,864	7,322,243	(7,381,500)	33,932,646
Less: inter-segment revenue	<u>(6,910,092)</u>	<u>(468,428)</u>	<u>(2,980)</u>	<u>7,381,500</u>	<u>–</u>
Revenue from external customers	<u>3,194,947</u>	<u>23,418,436</u>	<u>7,319,263</u>	<u>–</u>	<u>33,932,646</u>
Operating (loss)/profit	(473,209)	51,353	1,051,668	(2,532)	627,280
Finance income	89,251	2,501	31,334	(51,441)	71,645
Finance costs	(567,084)	(7,986)	(209,010)	51,441	(732,639)
Share of results of associates	<u>21,798</u>	<u>–</u>	<u>22</u>	<u>–</u>	<u>21,820</u>
(Loss)/profit before tax	(929,244)	45,868	874,014	(2,532)	(11,894)
Income tax expenses	<u>(57,526)</u>	<u>(11,525)</u>	<u>(148,569)</u>	<u>–</u>	<u>(217,620)</u>
(Loss)/profit for the year	<u>(986,770)</u>	<u>34,343</u>	<u>725,445</u>	<u>(2,532)</u>	<u>(229,514)</u>

As at 31 December 2021

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Total assets	<u>68,256,093</u>	<u>2,570,688</u>	<u>12,419,370</u>	<u>(4,209,601)</u>	<u>79,036,550</u>
Including:					
Investments in associates	<u>1,949,421</u>	<u>–</u>	<u>4,207</u>	<u>–</u>	<u>1,953,628</u>
Total liabilities	<u>39,839,825</u>	<u>1,747,337</u>	<u>9,700,642</u>	<u>(4,212,133)</u>	<u>47,075,671</u>

5 INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax:		
– The PRC	1,233,410	168,643
– Outside the PRC	40,602	222,675
	<u>1,274,012</u>	<u>391,318</u>
Deferred income tax	(723,156)	(173,698)
	<u>550,856</u>	<u>217,620</u>

6 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the consolidated profit/(loss) attributable to owners of the Company by the weighted average number of the Company's outstanding ordinary shares during the year:

	2022	2021
Profit/(loss) attributable to owners of the Company (<i>RMB'000</i>)	838,263	(426,348)
Weighted average number of shares in issues (thousands of shares)	4,473,430	4,456,346
Basic earnings/(loss) per share (<i>RMB per share</i>)	<u>0.19</u>	<u>(0.10)</u>

As the Company did not have any dilutive instruments during the years ended 31 December 2022 and 2021, the Group's diluted earnings per share was the same as its basic earnings per share.

7 PREPAYMENT, TRADE AND OTHER RECEIVABLES

Ageing analysis of trade receivables included in prepayment, trade and other receivables at the end of each reporting period based on invoice dates which approximated the respective revenue recognition dates were as follows:

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	125,094	99,344
1–2 years	1,425	2,518
2–3 years	2,362	5,859
Over 3 years	24,342	27,998
	<u>153,223</u>	<u>135,719</u>
Less: Impairment of trade receivables	(12,042)	(17,481)
	<u>141,181</u>	<u>118,238</u>

8 TRADE AND OTHER PAYABLES

Ageing analysis of trade payables included in trade and other payables at the end of each reporting period based on invoice dates were as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,823,030	1,249,667
1–2 years	18,124	18,584
2–3 years	4,079	4,462
Over 3 years	7,400	8,655
	<u>1,852,633</u>	<u>1,281,368</u>

9 SHARE CAPITAL

Shares, issued and fully paid:

	As at 31 December 2022		As at 31 December 2021	
	Number of shares (<i>thousands</i>)	Share capital <i>RMB'000</i>	Number of shares (<i>thousands</i>)	Share capital <i>RMB'000</i>
Domestic shares (“A shares”) of RMB1.00 each				
– directly held by SDG Group	1,687,091	1,687,091	1,687,091	1,687,091
– held by other shareholders	1,927,353	1,927,353	1,927,353	1,927,353
	<u>3,614,444</u>	<u>3,614,444</u>	<u>3,614,444</u>	<u>3,614,444</u>
H shares of RMB1.00 each	858,986	858,986	858,986	858,986
	<u>4,473,430</u>	<u>4,473,430</u>	<u>4,473,430</u>	<u>4,473,430</u>

10 DIVIDENDS

	2022 RMB'000	2021 <i>RMB'000</i>
Final dividend for the year ended 31 December 2020 of RMB0.05 per share	–	223,427
Final dividend for the year ended 31 December 2021 of RMB0.05 per share	223,671	–
	223,671	223,427

On 28 March 2022, the board of directors of the Company proposed the payment of a final dividend for the year ended 31 December 2021 of RMB0.05 per share to the shareholders of the Company. Accordingly, the dividend paid during the year ended 31 December 2022 was approximately RMB223,671,000 (2021: RMB223,427,000). The payment of dividend has been resolved by the ordinary resolution in the annual general meeting of the Company on 31 May 2022.

Dividends proposed after the end of the reporting period and not being recognised are as below:

	2022 RMB'000	2021 <i>RMB'000</i>
Proposed final dividend after the date of the reporting period: RMB0.07 (2021: RMB0.05) per share	313,140	223,671

On 29 March 2023, the board of directors of the Company proposed the payment of a final dividend for the year ended 31 December 2022 of RMB0.07 per share to the shareholders of the Company. Accordingly, the dividend proposed for the year ended 31 December 2022 was approximately RMB313,140,000. The payment of dividend will be proposed at the annual general meeting of the Company.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

Business Scope

The Company's approved business scope was mainly: mining and beneficiation of gold, production and sales of specialized equipment for gold mines and construction and decoration materials (excluding products restricted by national laws and regulations). The Company mainly produces standard gold bullions, investment gold bars and silver ingots.

The mining enterprises under the Company's management are located in Shandong, Fujian, Inner Mongolia, Gansu, Xinjiang and other regions in the PRC, and overseas countries in Argentina, South America and Ghana, Africa, forming an integrated industry chain covering exploration, design, research and development, mining, beneficiation, smelting of gold, deep processing and sales of gold products, as well as the manufacture of mining equipment, with an industry-leading scientific and technological research and development system, and a mining finance business and capital investment and financing support platform.

Operating Model

Large-scale production and operation

The Company focuses on the development and utilization of gold mineral resources. By adopting the gold production model of scattered mining and beneficiation and centralized smelting, the Company has utilized the mechanized and large-scale mining equipment, the automated transportation and lifting system, and the advanced and intelligent beneficiation technology to realize the large-scale, intensive and mechanized mining of gold resources. The Company has made full use of its resource advantages in gold-rich areas in the northwest of Jiaodong Peninsula, insisted on optimizing the existing products and extending products range, and accelerated the construction of key projects such as the auxiliary shaft of Sanshandao Gold Mine, the "deepest well in Asia" at a depth of 1,915 meters, and the open mixed well of Jiaojia Gold Mine, rapidly promoting the construction of a world-class gold production base. Mining enterprises have accelerated the expansion of capacity and boundary, the integration of exploration and mining, and the increase of reserves by exploration, so as to integrate surrounding mining rights resources and extend the service life of existing mines.

Lean operation and control

As the Company has opened up the whole industrial chain of resource acquisition, geological exploration, mine production, engineering construction and industrial finance, the organizational structure and control system of “group control – professional management – intensive operation” has become smoother and more efficient. In 2022, the Company formulated the implementation plan for benchmarking the first-class quality and efficiency improvement project, optimized and improved the assessment system, revised and added new management systems, and comprehensively strengthened the level of modernized governance of enterprise. Sanshandao Gold Mine was successfully selected as a benchmark enterprise for management improvement of state-owned enterprises in Shandong Province. Through strengthening technical management and on-site management, the Company’s subsidiaries comprehensively enhanced the level of lean management, and achieved a feed grade of 1.84g/t of raw ore in underground mines, representing a year-on-year increase of 5.43%; a mining loss rate of 5.18%, representing a decrease of 0.47 percentage point; an ore dilution rate of 5.79%, representing a decrease of 0.71 percentage point during the Reporting Period.

Technology and innovation-driven model

The Company continues to increase its investment in science and technology, and accelerates the transformation and application of scientific and technological achievements. The Company focuses on research in the fields of deep resource development and green and intelligent mining technology, and speeds up the transformation of cutting-edge technologies such as 5G, which further provides technical support and reserves for the high-quality development of enterprises. The intelligent mining of deep resources project in Sanshandao Gold Mine won the first prize in Shandong Province for scientific and technological progress, and Jiaojia Gold Mine completed the first trial of the application of WiFi6Mesh-based underground remote control load-haul-dump. The Company continues to promote efficiency creation projects by means of technology to serve front-line production. During the Reporting Period, by adhering to efficiency improvement by means of technology, Gold Smelting Company reduced the comprehensive cyanide residue gold grade by 6% year-on-year; the mechanized cluster operation in the whole process of “mining branch” of Jiaojia Gold Mine accounted for 43%. The Company continues to promote mechanization and automation to increase the automation rate of major fixed facilities. The percentage of mining and support mechanization in mining enterprises continued to increase; the automation control rate of fixed equipment such as lifting and transportation, drainage, power supply and ventilation reached 85%.

Safe and green development

The Company has made precise efforts in improving the institutional system, strengthening education and training, upgrading equipment level and strictly rewarding and punishing assessment to strengthen the foundation of safety production and comprehensively improve the intrinsic safety level. The Company thoroughly implements the concept of green development, and in order to fully improve the efficiency of resource utilization, has vigorously built a demonstration project for the construction of tailing-free mines, and innovatively proposed the idea of “underground filling as the main method, tailing reservoir discharge as a supplement, and multiple utilization methods in parallel”, solving the problems of environmental protection, safety and land occupation caused by the large amount of tailing stockpiles. This marks an effort to explore and make fruitful attempts towards less and zero emissions from tailings, reducing the large amount of land occupation, eliminating to a certain extent the safety and environmental hazards brought about by the tailings pond, and embarking on a path of high-quality development that maximizes the efficient use of resources and minimizes damage to the ecological environment.

Industry Development and the Position of the Company in the Industry

The development of the gold industry is closely intertwined with the global economic development trend and geopolitical landscape. In recent years, against the backdrop of accelerating evolution of the world’s unprecedented changes in a century, affected by the increasingly complex international environment and the sharp rise in geopolitical risks and other factors, the risk aversion in the global financial market has heightened. Therefore, the value of gold in asset allocation has increased significantly, and the gold industry is facing a new round of development opportunities.

During the Reporting Period, the international political and macroeconomic landscape were complex. At the beginning of 2022, the outbreak of Russia-Ukraine conflict triggered changes in the world’s political and economic landscape, including the deterioration of the trade environment, the surge in energy prices, and the sharp rise in inflation in economies mainly represented by the United States and Europe. The central banks of major economies, caught in a hyper-inflationary environment, raised interest rates in succession, which not only increased the risk of global recession, but also exacerbated financial market turbulence, resulting in high and wide fluctuations in commodity and gold prices.

During the Reporting Period, the gold price performance was strong in the domestic market but weak in overseas market. Influenced by the complex and volatile international environment, the tightening monetary policies in the United States and Europe and the expected weakening of the global economic situation, the international spot gold price ranged from the highest of US\$2,070/ounce to the lowest of US\$1,614/ounce, with a maximum volatility of US\$456/ounce. As at the end of 2022, the London international spot gold price closed at US\$1,823/ounce, which remained stable as compared to the closing price as at the end of last year. The domestic RMB gold price was significantly stronger than the international gold price due to the significant depreciation of the RMB against the USD. In 2022, the contract price of Shanghai Gold Exchange gold Au9999 reached the highest of RMB418/g and the lowest of RMB275.05/g, and closed at RMB410.49/g, representing an increase of approximately 9.8% over the closing price of RMB373.85/g last year.

During the Reporting Period, global gold demand increased year-on-year but domestic gold consumption declined year-on-year. In 2022, global gold demand increased by 18% year-on-year to 4,741 tonnes, the highest annual total demand since 2011, while global central banks' annual gold purchase demand reached 1,136 tonnes, a new high in nearly 55 years. Domestic gold consumption was 1,001.74 tonnes in 2022, representing a decrease of 10.63% as compared with the same period of 2021, which included: gold jewelry of 654.32 tonnes, representing a year-on-year decrease of 8.01%; gold bars and gold coins of 258.94 tonnes, representing a year-on-year decrease of 17.23%; and industrial and other gold products of 88.48 tonnes, representing a year-on-year decrease of 8.55%.

During the Reporting Period, the total amount of gold traded on the Shanghai Gold Exchange recorded a year-on-year increase. According to the China Gold Association, the accumulated bilateral trading volume of all gold products on the Shanghai Gold Exchange was 38,800 tonnes (unilateral: 19,400 tonnes), representing a year-on-year increase of 11.31%, with a bilateral turnover of RMB15.18 trillion (unilateral: RMB7.59 trillion), representing a year-on-year increase of 16.04%.

During the Reporting Period, domestic gold production rose year-on-year. According to the China Gold Association, the gold produced with domestic raw materials was 372.048 tonnes, representing an increase of 43.065 tonnes or 13.09% compared to the same period in 2021. Among them, the gold mine-produced gold was 295.423 tonnes, and the non-ferrous by-products was 76.625 tonnes. In addition, the gold produced from imported raw materials was 125.784 tonnes in 2022, representing a year-on-year increase of 9.78%.

In 2022, Shandong Gold focused on the annual target of “Stabilizing External Development, Expanding Internal Development, and Making New Records”, actively promoted the processing of certificates, resource integration and project construction, and comprehensively increased production capacity. In 2022, the production of the Company's seven mines hit a new high, among which the annual gold production of Jiaojia Gold Mine exceeded 10 tons, making it the number one gold producing mine in the country.

In 2022, the Company had the gold mine production volume of 38.673 tonnes, representing 13.09% of the total production volume in the PRC in 2022. 50.12% of gold production of domestic mines in the PRC was attributable to large gold companies (groups). Shandong Gold's domestic mines produced 32.616 tons of gold, accounting for 22% and boasting of the listed company with the highest gold production of domestic mines in the PRC. Shandong Gold continues to maintain its leading position in the domestic gold industry.

ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Strategic Advantage

The Company always insists on strategic thinking and seeks new leaps in long-term development. Focusing closely on the development concept of “Safe Shandong Gold, Ecological Shandong Gold, Vibrant Shandong Gold and Humanistic Shandong Gold”, the Company regarded “Technology Development, Resource Exploration, M&A Integration and Industry Chain Extension” as its four key business areas. Adhering to the philosophy that “technology is the primary productive force and innovation is the first driving force”, the Company continued to increase investment in research and development, strengthened platform construction and cultivated a team of talents. Adhering to concept of “resource first, efficiency focused, innovation centered”, the Company internally increased our exploration efforts to accelerate prospection, and externally focused on key resource areas to actively acquire resources. Adhering to the direction of “ecology first, green development”, the Company carried out carbon peaking and carbon neutral work in a scientific and orderly manner to promote green and low-carbon transformation and high-quality development of the mining industry. Adhering to the principle that “safety input represents safety investment”, the Company promoted comprehensive upgrading of mining enterprises in terms of management reform, technological innovation and process optimization. Stabilizing the operational management of existing overseas enterprises, and further enhancing the Company’s ability and level of resilience to risks.

Advantage in Resource Superiority

The Company has been upholding the concept of “resource first, efficiency focused, innovation centered”, further consolidating its resource base, building up its core competitiveness, cultivating its resource advantages and enhancing its resource reserves. In line with the direction of “internal and external expansion to grow stronger and wider”, the Company continuously increased our internal exploration efforts, and actively carried out external resource mergers and acquisitions. In Shandong Province, the Company actively integrated resources and accelerated the construction of major projects to actively build a world-class gold production base in the Jiaodong region. The Company also conducted in-depth research on the deep and surrounding parts of the mines outside the province and overseas, continuously optimizing the geological prospecting model and achieving new breakthroughs in prospecting to provide a solid resource base for the sustainable development of the mines. As at the end of 2022, the Company entered into an agreement with the controlling shareholder and the de facto controller of Yintai Gold to acquire 20.93% of shares in Yintai Gold, which ranked in the top 10 in the domestic gold industry, so as to obtain control of Yintai Gold. Upon completion of the transaction, it will further enhance Shandong Gold’s resource reserves and strengthen Shandong Gold’s leading position in the domestic gold industry.

Advantage in the Company's Scale

The Company is mainly engaged in the development and utilization of gold mineral resources, and has always been in a leading position in the domestic mining industry in terms of equipment level and degree of mechanization of mines. The construction of an “international first-class exemplary mine” at Sanshandao Gold Mine has led the pace of mechanization, automation and intelligent construction of large and medium-sized mines of the Company. Through solidly promoting the project of replacing workers with machineries, the mechanization rate of mining operations of several enterprises, such as Xincheng Gold Mine and Jiaojia Gold Mine, has reached over 50% and the automation control rate of auxiliary production systems in mines has reached 80%, gradually improving the level of mechanization and automation. Shandong Gold Smelting Co., Ltd. has enjoyed a leading position in terms of national mine-produced gold processing and trading volume for many years. Jiaojia Gold Mine, Sanshandao Gold Mine, Xincheng Gold Mine and Linglong Gold Mine have been on the list of “China Top Ten Gold Mines in terms of Production Output” for several consecutive years, with the cumulative gold production all exceeding 100 tonnes, making the Company the only domestic listed company which owns four mine enterprises each with cumulative gold production exceeding 100 tonnes. During the Reporting Period, Jiaojia Gold Mine achieved an annual gold production of more than 10 tonnes, becoming the first single mining enterprise in China to produce more than 10 tonnes of gold annually.

Advantage in Scientific and Technological Innovation

The Company adhered to the whole-chain linkage scientific and technological innovation management concept of “demands from enterprises – resources allocation on platform – collaboration to promote research and development”, closely followed the theme of ecological protection and high-quality development, and conformed to the development direction of “intelligent mine” and “ecological mining”. The Company, by focusing on mastering cutting-edge and core mining technologies, increased investment in scientific and technological research and development, actively undertook and participated in key research and development projects at provincial and ministerial levels. In 2022, an academician workstation led by academicians of the Chinese Academy of Sciences, the Russian Academy of Engineering and Deng Jun, the former chancellor of China University of Geosciences (Beijing), was established by SDG Group, the controlling shareholder of the Company, achieving a “zero breakthrough” in Shandong Gold’s provincial-level research and development platform. The academician workstation focuses on the scientific and technological frontier of “deep earth” resource exploration and exploitation, and carries out in-depth cooperation in the research and development of “bottleneck” technologies, talent cultivation, achievements transformation and industrial application, which will provide technical support for the short-term resource continuity and long-term strategic reserve of the Company’s mines. In 2022, the Company focused its efforts on overcoming a number of technical problems and received more than 30 scientific and technological awards at the provincial and ministerial levels and from industry associations, accounting for one-third of the total number of scientific and technological awards from the national gold industry associations. In particular, the project of “Key Technology and Equipment for Intelligent Mining of Deep Metal Mineral Resources in Binhai (《濱海深部金屬礦產資源智能開採關鍵技術與裝備》)” applied by Sanshandao Gold Mine won the First Prize of Shandong Province for Scientific and Technological Progress, and the project of “Research and Application of Key Technology for Safe, Green and Intelligent

Mining of Deep, Gentle-inclined and Thick Gold Deposits (《深部緩傾斜厚大金礦床安全綠色智能化開採關鍵技術研究與應用》)” applied by Jiaojia Gold Mine won the Second Prize of Shandong Province for Scientific and Technological Progress. These independent innovation achievements provided strong support for the high-quality development of the Company.

Talent Advantage

The Company has firmly established the candidate selection and appointment direction of “morality first, equal stress on integrity and ability, emphasis on actual performance and public recognition”, and built three talent teams in “management, technology and skill” to create a talent platform, stress on talent cultivation, deepen the talent development mechanism, and optimize the talent development ecology. The Company scientifically planned the team construction of young cadres, determined the allocation and improvement plan for young cadres, and increased efforts on the selection and training of young cadres, therefore the proportion of young cadres has been rising. The Company gradually improved the professional and technical engineering position system and evaluation system, broadened the growth potential of technical personnel, and created an innovative and growing technical team with reasonable structure, solid professionalism and active thinking. The Company gave full play to the role of its vocational skills appraisal platform and jointly organized the 2022 Shandong Province “Rejuvenation of Shandong by Skills” Vocational Skills Competition – Shandong Province Gold Industry Vocational Skills Competition with the Human Resources and Social Security Department of Shandong Province, to identify excellent skilled talents through the competition. One individual was awarded as the “National Technical Expert”, and five individuals passed the assessment of the Qilu Chief Technician. The Company actively conducted all-round and in-depth cooperation between universities and enterprises, giving full play to the platform of “Shandong Gold – Dongbei University Mining Technology Innovation Research Institute”. We also attached importance to the role of Shandong Gold’s “think tank”, post-doctoral workstation and other talent resources platforms, strengthening external exchanges and cooperation, and broadening channels for the introduction of talents.

Brand Advantage

Based in China, Shandong Gold optimized and expanded its principal gold business with an international vision. The Company was included into the Shanghai Stock Exchange 50 Index, the Shanghai Stock Exchange 180 Index, as well as three major international indices, namely the MSCI Indices, FTSE Russell and S&P Dow Jones Indices for many times. In 2022, the Company was successively granted the “Golden Round Table” – Outstanding Contribution in Corporate Governance Award at the 17th Session of Board of Directors of China Listed Companies, the China Corporate ESG “Golden Responsibility Award” for Annual Excellent Enterprise of Sustainable Development, and the 20th China Top 100 Listed Companies Summit Forum – the China Top 100 Best Management and Operation Award. The Company was rated A Grade for Information Disclosure for 2021-2022 by the SSE, which has been awarded for five consecutive years. The Company has always insisted on thoroughly implementing the thought of ecological civilization and the “Two Mountains” development concept put forward by General Secretary Xi Jinping, and the ecological and environmental protection situation has continued to maintain a stable and positive trend. By continuously increasing the investment in environmental protection and strengthening the investigation

and rectification of hidden pollution dangers, the total emission of major pollutants from all enterprises has been continuously reduced. Through the establishment of a long-term management mechanism for the construction of green mines and the implementation of a project to continuously consolidate and upgrade the construction of green mines, the Company successfully passed the on-site verification of green mines by the Ministry of Natural Resources. Promoting the goal of “carbon peaking and carbon neutrality” in a scientific and orderly manner, we vigorously advanced the application and promotion of clean energy and green and low-carbon technologies, constantly improving the level of green and low-carbon development, and continuously consolidating the brand image of “Shandong Gold, Ecological Mining”.

Discussion and Analysis on Operating Performance

The year 2022 was the second year for the Company’s implementation of the “14th Five-Year Plan” strategic objectives, and also an extraordinary, challenging and fruitful year in the Company’s development history. The Company insisted on taking the spirit of the 20th CPC National Congress as its guide, focused on the annual target of “Stabilizing External Development, Expanding Internal Development, and Making New Records”, undertook the responsibility of “stabilising the growth and making contribution”, and made concerted and dedicated efforts to fully accomplish the annual goals and tasks. The Company continued to consolidate the upward sound development trend, laying a solid foundation for the realisation of the “14th Five-Year Plan” strategic objectives.

In 2022, the gold mine production volume of the Company amounted to 38.673 tonnes, representing a year-on-year increase of 13.892 tonnes or 56.06%. The Company’s total assets reached RMB91,216 million, representing an increase of RMB12,180 million or 15.41% over the beginning of the period; the Company’s total liabilities were RMB54,414 million, representing an increase of RMB7,338 million or 15.59% over the beginning of the period; the Company’s total equities amounted to RMB36,802 million, representing an increase of RMB4,841 million or 15.15% over the beginning of the period. The debt-to-asset ratio was 59.65%, representing an increase of 0.09 percentage point over the beginning of the period. In 2022, the Company achieved revenue of RMB50,306 million, representing a year-on-year increase of RMB16,373 million or 48.25%; the profit for the year was RMB1,351 million, representing a year-on-year increase of RMB1,581 million; earnings per share was RMB0.19, representing a year-on-year increase of RMB0.29.

During the Reporting Period, the Company carried out the following major works:

(I) Focusing on production operations. Focusing on the key indicators such as output, revenue and profit, and seizing the difficult problems, pain points and bottlenecks that restrict production and operation, the Company regularly convened key work promotion meetings and special work meetings, coordinated the stabilization of production, increase of production and resumption of production together, and coordinated the joint efforts inside and outside the province and overseas, innovated incentive mechanisms, scientific and precise implementation of policies and strengthened scheduling assessment to encourage all units to make every effort to increase production capacity and realize increased production and revenue. The output of seven mines reached a new high, of which the annual gold output of Jiaojia Gold Mine exceeded 10 tons, making it the largest gold production mine in China. Adhering to the principle that “resources are the fundamental interests that cannot be shaken”, the Company internally increased our geological exploration and prospection efforts, and externally focused on key resource areas to actively acquire resources, with the amount of retained gold resources reaching 1,318.6 tons based on its equity, further enhancing our ability to support resource security.

(II) Focusing on speeding up the processing of certificates. Tracking and grasping the policy trend in a timely manner, and actively exploring the way and path of certificate processing, the Jiaojia Gold Mine and the Xincheng Gold Mine have overcome the difficulties of integrating the large number of mining rights and the large number of units involved in the ownership, and successfully obtained the mining licenses of Jiaojia Gold Mine and Xincheng Gold Mine after integration issued by the Department of Natural Resources of Shandong Province, and became the first batch of mines in the province to obtain approval from the Shandong Provincial Development and Reform Commission for resource integration projects. After the approval of the ecological red line plan, Linglong Gold Mine obtained the “first batch” of extension of mining permit in the province. Chifengchai Mine has successfully obtained the approval of the 2,000t/d capacity expansion project and the approval of the environmental impact report for the expansion of the supporting tailings reservoir, which has created conditions for the smooth implementation of the project.

(III) Focusing on strengthening reform and innovation. We continued to increase investment in scientific research. In 2022, we added 142 new scientific and technological projects, 251 scientific and technological projects under research throughout the year, won 1 first and second prizes of provincial scientific and technological progress awards, 31 science and technology awards of China Gold Association, and obtained 234 authorized patents. With the continuous promotion of the construction of intelligent mine, Sanshandao Gold Mine relied on 5G technology to realize the integrated management and control of ramp 5G+UWB voice communication, personnel positioning and signal control. Jiaojia Gold Mine has completed the first application test of underground remote control scraper based on WiFi6Mesh network in China. The Company formulated the implementation plan and work list for benchmarking the first-class quality and efficiency improvement project, optimized and improved the assessment system, and the first phase of the equipment lifecycle system was successfully put into operation.

(IV) Focusing on speeding up project construction. Strengthening project management, implementing the construction of large mining projects in a scientific manner and accelerating the construction of the world-class gold base of Shandong Gold. The main control project of the Jiaojia Gold Mine, Jiaojia Ming mixed shaft and ZhuguoLijia main and auxiliary shaft projects have commenced construction in 2022. The Sanshandao auxiliary shaft project, the “deepest well in Asia” with a depth of 1,915 meters, commenced construction in 2022, and as of the end of 2022, a total of 758m of shaft boring was completed. Xincheng Gold Mine continuously optimized the construction organization, and completed the installation and commissioning of the lifting system of Tengjia shaft project in June, which has the lifting capacity. The preliminary formalities for the expansion project of 2,000t/d of mining and beneficiation in Chifengchai Mine were smoothly carried out, and the auxiliary shaft project was officially started at the end of 2022. The Namdini Gold Mine project of Cardinal Resource Company in Ghana has completed the first stage contract signing of EPCM general contracting of the concentrator, and the ordering of certain long-term equipment. Preliminary site formation works are underway, the tender documents for the mining projects have been issued and the mine ancillary projects such as camps, water intake facilities, safety fencing, power lines and the first phase of the tailings storage are progressing well.

(V) Focusing on deepening cost reduction and efficiency increase. We gradually implemented the “four complete requirements” of the whole staff, the whole process, all nodes and all directions, improved the management and control system of reducing costs and increasing efficiency, and implemented the key tasks of reducing costs and increasing efficiency. We insisted on strengthening capital control, continuously optimizing the ratio of debt instruments and equity instruments, and keeping the gearing ratio at a reasonable level. In accordance with the principle of “collect as much as you can”, we have continuously broadened the scope of centralized procurement and organized and completed more than 500 tenders throughout the year, continuously enhancing the ability of centralized procurement to create efficiency. The Company has promoted “full staff, full process and full coverage” risk management, and fully utilized the functions of value-added audit, efficiency creation and legal compliance protection.

(VI) Focusing on capital operation. Based on the development plan to build a world-class gold base in the Jiaodong region, the Company has confirmed a plan on the non-public offering of A shares to raise a total amount of not more than RMB9.9 billion, which is mainly used in the Jiaojia mining area (integration) gold resources development project. The plan has completed the first opinion feedback submitted to the CSRC and the relevant materials have been submitted to the SSE in accordance with the relevant laws and regulations of the registration system, and have been accepted by the SSE and are under review. The Company signed an agreement with the controlling shareholder and the de facto controller of Yintai Gold to acquire 20.93% of Yintai Gold to obtain its control. At present, the acquisition project is actively advancing. The combination of Shandong Gold and Yintai Gold will further lay the Company’s leading position in the domestic gold industry.

(VII) Focusing on safety and environmental protection. The Company paid close attention to safety production, carried out in-depth development of safety risks and hidden dangers comprehensive investigation and rectification, external team special rectification and mining top help full support rectification and other activities, determined to achieve no production without safety, safe production foundation has been effectively consolidated. Combined with the current national “carbon peaking and carbon neutrality” work requirements, the Company actively carried out green low-carbon development layout, and actively promoted the use of photovoltaic, geothermal energy and other clean energy, built a long-term mechanism for the construction and management of green mines, constantly improved the quality and effectiveness of ecological and environmental protection work, and continuously consolidating the brand image of “Shandong Gold, Ecological Mining”.

(VIII) Focusing on strengthening party building. Party organizations at all levels of the Company actively carried out learning conferences, centralized training and publicity activities, and deeply studied, publicized and implemented the spirit of the 20th National Congress of the CPC and the spirit of the 12th Party Congress of Shandong Province. We insisted on grasping the grassroots and grasping the branches, and continued to deepen the creation of excellent party branches and star-rating management of party branches to effectively improve the standardization and normalization of grassroots party construction. We have pushed forward in depth to administer the party strictly in an all-round way, give full play to the role of the sword of inspection, and complete a new round of routine inspections of some of the Company’s subsidiaries.

Major operations during the Reporting Period

In 2022, the Company produced 38.673 tons of mine-produced gold, an increase of 13.892 tons or 56.06% compared to 2021. In 2022, the feed grade of raw ore was 1.23g/t, an increase of 0.11 g/t year-on-year. Among them, the feed grade of raw ore in underground mines was 1.84 g/t, an increase of 0.09 g/t year-on-year, or 5.43%. The main reason was that the production capacity of each mine was quickly restored and high-grade resources were effectively utilized; the feed grade of raw ore of the open-pit mine was 0.74 g/t, down 0.03 g/t year-on-year, or 3.89%. The main reason was that the grade of geological resources in Xinjiang Jinchuan Mining and Veladero Mine in Argentina has decreased.

Due to the new round of ecological protection red line delineation in Shandong Province affecting the Company’s progress of the processing of certificates, the Linglong mining area of Linglong Gold Mine obtained an extended mining permit in December 2022 after the ecological protection red line scheme was approved. As of the date of this announcement, the Linglong mining area is still applying for a safety production permit and has not yet resumed production; the Dongfeng mining area obtained an extended mining permit and safety production permit in December 2022 and resumed production in January 2023. Penglai Mining resumed production at the end of April 2022.

Annual Production Data and Analysis

The following table sets forth the gold production volume of our mines for the periods indicated:

Name of organization	For the year ended 31 December				Proportion of ownership	Mine-produced gold on equity basis in 2022	
	2021		2022			Gold production volume	Gold production volume
	Gold production volume (kg)	Gold production volume (koz) ⁽²⁾	Gold production volume (kg)	Gold production volume (koz) ⁽²⁾		(kg)	(koz) ⁽²⁾
Sanshandao Gold Mine	2,671.4	85.89	5,459.85	175.54	100%	5,459.85	175.54
Jiaojia Gold Mine	4,562.12	146.68	10,036.25	322.67	100%	10,036.25	322.67
Linglong Gold Mine	1,000.31	32.16	1,101.92	35.43	100%	1,101.92	35.43
Xincheng Gold Mine	2,216.62	71.27	5,691.23	182.98	100%	5,691.23	182.98
Penglai Mining	108.31	3.48	201.57	6.48	100%	201.57	6.48
Yinan Gold Mine	286.14	9.20	376.03	12.09	100%	376.03	12.09
Xinhui Company	1,422.52	45.74	1,433.1	46.08	100%	1,433.10	46.08
Laixi Company	592.34	19.04	595.85	19.16	100%	595.85	19.16
Jinzhou Company	1,012.38	32.55	1,130.1	36.33	60.78%	686.87	22.08
Guilaizhuang Mining	167.06	5.37	816.3	26.24	70.65%	576.72	18.54
Chai Mine Company	1,545.5	49.69	1,727.95	55.55	73.52%	1,270.44	40.85
Fujian Yuanxin	445.1	14.31	320.16	10.29	90.31%	289.14	9.30
Xihe Zhongbao	1,007.02	32.38	1,008.28	32.42	70%	705.80	22.69
Jinchuan Mining	2,353.02	75.65	2,717.73	87.38	100%	2,717.73	87.38
Total of domestic mines	19,389.84	623.40	32,616.32	1,048.64		31,142.49	1,001.25
Veladero Mine ⁽¹⁾	5,391.45	173.34	6,057.00	194.74	50%	6,057.00	194.74
Total of foreign mines	5,391.45	173.34	6,057.00	194.74		6,057.00	194.74
Total of the Company	24,781.29	796.74	38,673.32	1,243.38		37,199.49	1,195.99

Notes:

1. Includes the gold production volume of the Veladero Gold Mine on a 50% basis. As of the end of the Reporting Period, the Company owned 50% interest in the Veladero Gold Mine;
2. 1 ounce = 31.1035 grams.
3. According to the Company's construction plan of world-class gold base in Jiaodong, in order to realize the large-scale, intensive and circular development of the mining industry, the Company has integrated the resources of Laizhou area, the Matang mining right of Tiancheng Mining has been integrated into Jiaojia Gold Mine and the Hongbu mining right has been integrated into Xincheng Gold Mine, and the gold output is attributed to Jiaojia Gold Mine and Xincheng Gold Mine, respectively.
4. Due to the rounding of numbers, the total may not equal the sum of the numbers.

Analysis of Main Business

Operating results

Analysis of changes of related items in consolidated statement of profit or loss

Unit: RMB'000

Item	Amount of the Reporting Period	Amount of corresponding period in prior year	Percentage of changes (%)
Revenue	50,305,754	33,932,646	48.25
Cost of sales	(44,138,322)	(31,557,552)	39.87
Selling expenses	(176,421)	(361,149)	(51.15)
General and administrative expenses	(2,465,844)	(2,409,669)	2.33
Research and development costs	(399,567)	(345,606)	15.61
Finance costs	(1,051,000)	(732,639)	43.45

Analysis on revenue and costs

The increase in revenue of the Company was mainly due to the increase in sales volume and sales price of self-produced gold, externally procured gold and small gold bars. The increase in operating costs was mainly due to the corresponding increase in the costs of self-produced gold, externally procured gold and small gold bars.

Information on major suppliers and customers

The sales to the top five customers amounted to RMB38,832.5 million, representing 77.19% of the total sales of the year, out of which there were no sales amount from connected persons among the top five customers.

The procurement amount from the top five suppliers amounted to RMB27,081.9 million, and the total procurement amount accounted for 61.36% of the cost of sales of the year, out of which there were no procurement amount from connected persons among the top five suppliers.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at 31 December 2022, the Group's consolidated total debt (including lease liabilities, borrowings and Financial liabilities at fair value through profit or loss) was approximately RMB34,803 million (31 December 2021: RMB24,864 million), and the Group's consolidated total equity was approximately RMB36,802 million (31 December 2021: RMB31,961 million). As at 31 December 2022, the Group's gearing ratio was 94.57% (31 December 2021: 77.79%).

Restrictions on main assets as at the end of the Reporting Period

Unit: RMB'000

Item	Carrying amount as at the end of the Reporting Period	Reasons for restrictions
Monetary funds	246,884	Security deposits for land reclamation and environmental governance
Monetary funds	600,608	Security deposits for notes
Monetary funds	2,700	Gold trading reserves
Monetary funds	610	Performance bonds
Monetary funds	30,000	Security deposits for credit
Monetary funds	1,000,000	Earnest money for mergers and acquisitions
Monetary funds	<u>23</u>	Security deposits for ETC
Total	<u>1,880,825</u>	

Analysis on business information of the industry

1. Major industry policy changes in 2022

- (1) On 27 January 2022, eight departments, including the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance, the Ministry of Natural Resources, the Ministry of Ecology and Environment, the Ministry of Commerce and the State Taxation Administration, jointly issued the Notice on Implementation Plan for Accelerating the Comprehensive Utilization of Industrial Resources (MIIT Lianjie [2022] No. 9), specifying that by 2025, the intensity of industrial solid waste in key industries such as iron and steel, non-ferrous and chemical industries will decline, the comprehensive utilization level of large industrial solid waste will be significantly improved, the renewable resource industry will continue to develop healthily, and the comprehensive utilization efficiency of industrial resources will be significantly improved.
- (2) On 8 February 2022, the National Mine Safety Administration issued the “Notice on Guiding Opinions on Strengthening Production Safety at Non-Coal Mines” (Kuan An [2022] No. 4), to further improve the level of production safety in non-coal mines, promote the safe and high-quality development of the non-coal mine industry.

- (3) On 24 March 2022, Department of Emergency Management of Shandong Province, Shandong Provincial High People’s Court, People’s Procuratorate of Shandong Province, Public Security Department of Shandong Province, Shandong Provincial Department of Finance, Department of Industry and Information Technology of Shandong Province, Department of Natural Resources of Shandong Province, Housing and Urban-Rural Development Department of Shandong Province, Shandong Provincial Department of Transport, Shandong Administration for Market Regulation, Energy Administration of Shandong Province and Shandong Provincial Fire and Rescue Corps jointly issued the “Opinions on Strengthening the Safety Production Reporting Rewards and Serious Accountability of Illegal Enterprises” (Lu Ying Ji Fa [2022] No. 3), strengthening the reporting work of production safe with rewards, and seriously reporting and verifying the responsibility investigation of illegal enterprises.
- (4) On 1 June 2022, the National Mine Safety Administration issued the “Notice on Measures for the catalogue Administration of the Popularization of Advanced Applicable Technology and Equipment for Mine Safety and the Phase-out of Backward Technology and equipment (Trial)” (Kuan An [2022] No. 82) to implement the important remarks of General Secretary Xi Jinping on production safe and technological innovation, further accelerate the promotion of advanced and applicable technology and equipment for mine safety, eliminate backward technology and equipment that seriously endanger the production safety of mines, improve the level of production safety of mines, and ensure the safety of people’s lives and property.
- (5) On 6 April 2022, the Ministry of Ecology and Environment announced the “Measures for the Prevention and Control of Environmental Pollution from Tailings” (Decree No. 26 of the Ministry of Ecology and Environment), which was implemented from 1 July 2022 to prevent and control the environmental pollution from tailings and protect and improve the ecological environment.
- (6) On 10 June 2022, the National Mine Safety Administration issued the “Notice on Strengthening Safety Education into Mine Work” (Kuan An [2022] No. 84) to thoroughly implement the spirit of General Secretary Xi Jinping’s important instructions on production safety, implement the “five advances” work of safety propaganda, improve the essential safety level of mines, and prevent and contain major and serious accidents.
- (7) On 3 July 2022, General Office of the People’s Bank of China issued the “Notice on Interim Measures for the Administration of Gold Leasing Business” (YBF [2022] No. 88) to strengthen the management of the gold market, promote the standardized development of gold leasing business, and better serve the real economy.
- (8) On 16 August 2022, the Ministry of Natural Resources, the Ministry of Ecology and Environment, and the National Forestry and Grassland Administration issued the “Notice on Strengthening the Management of Ecological Protection Red Line (Trial)” (Zi Ran Zi Fa [2022] No. 142) to strengthen the management of ecological protection red line and strictly abide by the boundary of natural ecological security.

- (9) On 2 August 2022, the Ministry of Finance, the Ministry of Emergency Management, and the National Mine Safety Administration issued the “Notice on Measures for the Administration of Subsidy Funds for Production Safety Prevention and Emergency Rescue Capacity Building” (Cai Zi Huan [2022] No. 93) to strengthen the administration of subsidy funds for the production safety prevention and emergency rescue capacity building.
- (10) On 23 October 2022, in order to promote the management of risk and hidden dangers of tailing reservoirs and effectively prevent and resolve major safety risks of tailing reservoirs, the National Mine Safety Administration and the Ministry of Finance have studied and formulated the “General Plan for the Management of Risk and Hidden Danger of Tailings reservoirs” (Kuan An [2022] No. 127).
- (11) On 23 October 2022, in order to effectively strengthen the prevention and control of major disaster risk in coal mines and key non-coal mines, the National Mine Safety Administration and the Ministry of Finance issued the “General Plan for the Prevention and Control of Major Disaster Risk in Coal Mines and Key Non-coal Mines” (Kuan An [2022] No. 128).
- (12) On 18 November 2022, the Ministry of Natural Resources issued the “Notice on the Protection of Mining Land” (Zi Ran Zi Fa [2022] No. 202) to inform the matters related to the linking of new land for mining projects and the reclamation and restoration of existing mining land.
- (13) On 21 November 2022, in order to implement the new concept of safe development, promote enterprises to implement the main responsibility, and strengthen the investment in production safe of enterprises, the Ministry of Finance and the Ministry of Emergency Management issued the “Notice on Administrative Measures for the Extraction and Use of Expenses for Safety Production of Enterprises” (Cai Zi [2022] No. 136).
- (14) On 10 November 2022, in order to thoroughly implement the decision and deployment of the Party Central Committee and the State Council on the carbon peaking and carbon neutrality, and earnestly do a good job in carbon peaking work in the non-ferrous metal industry, the Ministry of Industry and Information Technology, the National Development and Reform Commission, and the Ministry of Ecology and Environment issued the “Implementation Plan of Carbon Peaking in Non-ferrous Metal Industry” (MIIT Lianyuan [2022] No. 153).

(15) On 30 December 2022, 13 departments (units), including the Department of Natural Resources of Shandong Province, the Development and Reform Commission issued and implemented the “Several Opinions on Strengthening Mineral Resources Exploration and Development to Promote Green and High-Quality Development of Mining Industry” (Lu Zi Ran Zi Zi [2022] No. 174), to deeply implement the concept of green development and carry out the spirit of the 20th National Congress of the CPC and the important reply letter of General Secretary Xi Jinping, implement the “Opinions of the State Council on Supporting Shandong to Deepen the Transformation of New and Old Dynamics to Promote Green, Low-carbon High-quality Development”, promote the increase of mineral resources exploration and development, build a good order, green development, economical use, strong protection of green and high-quality development pattern of the mining industry, to ensure the security of resources and energy and economic and social development in Shandong Province.

2. Changes in significant tax policy during the Reporting Period

There are no major changes in tax policy in 2022.

3. Payment of resource tax and environmental protection tax during the Reporting Period

In 2022, resource tax payable by the Company’s domestic subsidiaries amounted to RMB566,542,000, and RMB539,886,000 was paid. Environmental protection tax payable amounted to RMB1,634,000, and RMB1,592,000 was paid.

4. Resource tax rate and tax incentives

According to the Resource Tax Law of the People’s Republic of China (《中華人民共和國資源稅法》), the tax rate of gold and silver in metal resources in domestic mines is 2%-6%; mines in Shandong Province are subject to a resource tax of 4.2%, and mines outside Shandong Province are subject to a tax rate of 3%-5%. Shandong Gold Mining (Yinan) Co., Ltd. (山東黃金礦業(沂南)有限公司), Shandong Gold Guilaizhuang Mining Co., Ltd. (山東黃金歸來莊礦業有限公司), Fujian Zhenghe County Yuanxin Mining Co., Ltd. (福建省政和縣源鑫礦業有限公司), and Shandong Jinzhou Group Qianling Mining Co., Ltd. (山東金洲集團千嶺礦業有限公司) enjoy the preferential policy of 30% resource tax reduction.

Analysis on business information of the industry

Operations of respective region during the Reporting Period

Unit: RMB'000

	Revenue amount		% to total revenue	
	2022	2021	2022	2021
Revenue from contracts with customers within the scope of IFRS 15				
The PRC	47,257,420	31,470,320	93.94%	92.75%
Outside the PRC	3,028,300	2,448,095	6.02%	7.21%
	<u>50,285,720</u>	<u>33,918,415</u>		
Revenue from other sources				
The PRC	20,034	14,231	0.04%	0.04%
	<u>50,305,754</u>	<u>33,932,646</u>		

Reserves and Resources of Self-owned Mines

In March 2020, the state released a new national standard for the Classification of Solid Mineral Resources and Reserves (GB/T17766-2020), which is basically the same as the resource/reserve classification standard of the Committee for Mineral Reserves International Reporting Standards (CRIRSCO). However, it is slightly different in the estimation method of resources and reserves, the application of 3D ore body model, and the application of mining analysis and simulation software. The 2020 classification standard is applicable to the statistics and release of domestic solid mineral resources, the formulation of relevant technical standards for mineral resource exploration and development, the estimation, evaluation and information disclosure of resources and reserves. NI43-101 and JORC code are internationally accepted codes and standards for resource reserve and project disclosure.

According to the internationally accepted NI43-101 standard, the Company's mineral resources reserves and mineral reserves as of 31 December 2022 are summarized as below:

Name of mine	Major type	Resources ⁽¹⁾⁽²⁾				Reserves ⁽¹⁾⁽⁴⁾				Remaining resources mining year (year)	Risk warning						
		Measured (Mt)	Indicated (Mt)	Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)	Proven (Mt)			Probable (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis) (t)	Validity period of permits/mining rights
Sanshandao Gold Mine	Gold	-	21.4	21.4	26.4	47.8	3.07	146.58	146.58	-	18.60	2.72	50.64	50.64	7.04	Mining right (2043.9) Mining right (2027.8,3) Exploration right (2023.3,31)	
Jiajia Gold Mine	Gold	-	50.60	50.60	53.40	104.00	3.37	350.52	350.52	-	23.71	3.68	87.18	87.18	4.00	Mining right (2032.4,21) Exploration right (2025.6,30)	
Xincheng Gold Mine	Gold	-	18.90	18.90	40.42	59.32	3.38	200.71	200.71	-	17.89	3.33	59.59	59.59	6.78	Mining right (2023.4,21)	
Linglong Gold Mine	Gold	-	7.13	7.13	47.80	54.94	2.87	157.56	157.56	-	6.60	2.28	15.04	15.04	7.26	Mining right (2028.6,30) Mining right (2030.1,20)	
																Mining right (2024.9,30) Exploration right (2018.5,16)	
																in the process of renewal	
																Exploration right (2018.3,31)	The renewal of some mineral rights is in progress.
Guizhuang Gold Mine	Gold	-	0.71	0.71	1.79	2.50	3.52	8.79	6.21	-	0.46	3.75	1.72	1.22	2.19	Mining right (2023.12,31) Exploration right (2027.3,31)	
Jinzhou Gold Mine	Gold	-	2.01	2.01	2.06	4.06	3.12	12.67	7.99	-	1.98	2.90	5.75	3.53	21.62	Mining right (2025.10,14) Mining right (2026.1,12) Mining right (2031.8,3) Mining right (2021.12,14)	The renewal of some mineral rights is in progress.
																in the process of renewal	
																Mining right (2021.9,30)	
																in the process of renewal	
																Mining right (2017.7,5)	
																in the process of renewal	
																Exploration right (2017.3,16)	
																Exploration right (2016.12,31)	
																in the process of renewal	
Xinhui Company	Gold	-	6.14	6.14	3.84	9.97	3.67	36.58	36.58	-	5.97	3.46	20.69	20.69	18.09	Mining right (2014.9,30)	
Laxi Company	Gold	-	1.75	1.75	1.52	3.27	1.96	6.41	6.41	-	1.77	1.70	3.01	3.01	5.37	Mining right (2021.11,29)	
Pengtai Gold Mine	Gold	-	1.10	1.10	0.89	1.99	7.25	14.42	14.42	-	1.13	5.27	5.98	5.98	5.93	Mining right (2027.8,3) Mining right (2018.4,7)	The resources integration of some mineral rights is in progress, without renewal of mineral rights
																in the process of integration of mineral rights	
																Mining right (2022.4,28)	
																in the process of integration of mineral rights	
																Exploration right (2017.12,31)	
Yinan Mine	Gold	-	1.83	1.83	4.23	6.06	1.57	9.48	9.48	-	1.73	1.36	2.34	2.34	9.07	Mining right (2023.11,11) Mining right (2021.7,15)	
																Exploration right (2024.8,19)	
Shandong Province	Gold	-	111.6	111.6	182.35	293.9	3.21	943.7	996.5	-	79.86	3.15	25.94	249.21	-	-	

Name of mine	Major type	Resources ⁽¹⁾⁽²⁾				Reserves ⁽³⁾⁽⁴⁾				Remaining resources mining year (year)	Risk warning					
		Measured (Mt)	Indicated (Mt)	Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)	Proven (Mt)			Probable (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis) (t)
Chifengshai Mine	Gold	-	1.62	1.62	0.85	2.47	3.01	7.43	5.46	-	1.71	2.75	4.72	3.47	5.20	Mining right (2023.12.8) Exploration right (2026.3.14) Exploration right (2027.12.9)
Fujian Yuanxin Gold Mine	Gold	-	0.31	0.31	0.24	0.55	4.82	2.65	2.39	-	0.26	3.96	1.03	0.93	1.77	Mining right (2029.6.21) Exploration right (2026.4.16)
Xihe Zhonghao Gold Mine	Gold	-	6.39	6.39	7.17	13.56	2.28	30.86	21.60	-	5.47	2.29	12.51	8.76	9.84	Mining right (2024.4.28) Mining right (2029.8.30)
Xiajiang Jinchuan	Gold	6.2	31.05	37.29	7.37	44.66	0.91	40.46	40.46	2.7	18.72	0.84	18.03	18.03	4.28	Mining right (2024.6.27)
Total of other provinces	Gold	6.2	39.36	45.61	15.63	61.24	1.33	81.40	69.9	2.7	26.16	1.26	36.29	31.19	-	-
China sub-total	Gold	6.2	150.9	157.2	198.0	355.1	2.89	1,025.1	1,006.4	2.7	106.02	2.65	288.23	280.40	-	-
Veladero Gold Mine	Gold	18.25	231.43	249.68	27.41	277.09	0.68	188.18	94.09	16.05	153.58	0.71	119.75	59.87	-	8 mining rights are leased until 2028, and self-owned 5 mining rights are indefinite
Cardinal	Gold	7.5	174.20	181.70	12.50	194.20	1.12	218.10	218.10	7.4	131.20	1.13	157.20	157.20	-	Mining right (2025.2.8) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2023.06.30)
Total	Gold	32.0	556.5	598.5	237.89	826.3	1.73	1,431.4	1,318.6	26.1	396.80	1.36	565.18	497.47	-	-

Notes:

1. Mineral resources tonnage and metal are reported as in-situ data and do not take into account mining losses and dilution resulting from mining activities.
2. Mineral resources are inclusive of mineral reserves. Mineral Reserves are derived from measured and indicated resources estimated by conversion factors, and inferred resources are not subject to conversion to ore reserves.
3. Two decimal places have been retained and rounding of numbers has been applied, so the total may not be equal to the sum of the numbers;
4. Mt = million tonnes;
5. As of 31 December 2022, the Company owned 70.65%, 73.52%, 90.31% and 70% of equity interest of Guilaizhuang Gold Mine, Chifengchai Gold Mine, Fujian Yuanxin Gold Mine and Xihe Zhongbao Gold Mine.
6. Jinzhou Gold Mine consists of mining rights owned by Jinzhou Group and its 100% and 90% owned subsidiaries, Fuling Mining and Qianling Mining, respectively. As of 31 December 2022, the Company beneficially owned 60.78% and 54.70% of Fuling Mining and Qianling Mining through its 60.78% interest in Jinzhou Group.
7. Mineral reserves assumed:

Reserves in Sanshandao Gold Mine were based on a cut-off grade of 0.99 g/t.

Reserves in Jiaojia Gold Mine were based on a cut-off grade of 1.24 g/t.

Reserves in Linglong Gold Mine were based on a cut-off grade of 1.37 g/t.

Reserves in Xincheng Gold Mine were based on a cut-off grade of 1.01 g/t.

Reserves in Yinan Gold Mine were based on a cut-off grades of 1.71 g/t.

Reserves in Xinhui Company were based on a cut-off grades of 1.38 g/t.

Reserves in Laixi Company were based on a cut-off grades of 1.38 g/t.

Reserves in Jinzhou Gold Mine were based on the following cut-off grade: 2.99 g/t for Jinqingding mine area, Hubazhuang mine area and Songjiazhuang mine area, 1.19 g/t for Yinggezhuang mine area, Xipo mine area and Yinggezhuang exploration area, and 1.31 g/t for Sanjia mine area and Sanjia exploration area.

Reserves in Guilaizhuang Gold Mine were based on the cut-off grade of 2.70 g/t.

Reserves in Penglai Gold Mine were based on a cut-off grade of 1.33 g/t.

Reserves in Chifengchai Gold Mine were based on a cut-off grade of 1.34 g/t.

Reserves in Fujian Yuanxin Gold Mine were based on a cut-off grade of 1.40 g/t.

Reserves in Xihe Zhongbao Gold Mine were based on a cut-off grade of 2.15 g/t.

Reserves in Xinjiang Jinchuan were based on a cut-off grade: 0.3 g/t open pit mining and 0.9 g/t underground mining.

8. Mineral reserve in Veladero Gold Mine was estimated based on cut-off grade: 0.26g/t for Type 1 ore and 0.39g/t for Type 2 ore; mineral resource was estimated based on cut-off grade: 0.28 g/t for Type 1 ore and 0.42 g/t for Type 2 ore.
9. Mineral reserve in Namdini Gold Mine of Cardinal Resources Limited was estimated based on a cut-off grade of 0.5 g/t; mineral resource was estimated based on a cutoff grade of 0.5 g/t.
10. In addition, Laizhou Company participated in Laizhou Huijin Mining Investment Co., Ltd. (萊州匯金礦業投資有限公司) Shaling gold mine project, with an amount of 145 tonnes of attributable metals (according to the Mineral Resources Reserves Review Record Certificate set out in the Report on the Verification of Gold Mine Resources Reserves in the Shaling Mining Area of Laizhou City, Shandong Province in 2018).

ANALYSIS ON INVESTMENT STATUS

Overall analysis on external equity investment

During the Reporting Period, the Company completed the establishment of Jinan Jinying Investment Partnership (Limited Partnership) (濟南金盈投資合夥企業(有限合夥)), the early repurchase of market-oriented debt-to-equity swap of subsidiaries, the establishment of Shanjin Mine Engineering (Shandong) Co., Ltd. (山金礦山工程(山東)有限公司), the increase in registered capital of Cardinal Namdini Mining, and the acquisition of tendered assets of Laizhou Gold Coast Ecology Co., Ltd. (萊州金岸生態有限公司) and other equity investment projects.

Key equity investments

Unit: RMB10 thousand

Invested company	Major businesses	Mainly engaged in investment business	Investment method	The amount invested	Shareholding	Whether consolidating the financial statements	Statement account (if applicable)	Source of capital	JV partners (if applicable)	Investment horizon (if applicable)	Progress as of the balance sheet date	Estimated earnings (if any)	Impact on the profit and loss during the Reporting Period	Whether involved in litigation (if any)	Disclosure date (if any)	Disclosure index (if any)
Jinan Jinying Investment Partnership (Limited Partnership) (濟南金盈投資合夥企業(有限合夥))	Engage in investment activities with self-owned funds; enterprise management, municipal facility management	Yes	New establishment	50,020	20.01%	Yes	Long-term equity investment	Self-financing	China Trade Union Bank Commercial Factoring Co., Ltd. (中貿聯誠商業保理有限公司)	Long term	Completed the establishment		No	25 May 2022	"Announcement in relation to the Issuance Results of the 2022 First Tranche Debt Financing Plan of the Company" (No.: Lin 2022-026)	
Shandong Gold Mining (Laizhou) Co., Ltd.	Gold mining, processing, smelting and sales	Yes	Acquisition	100,000	100%	Yes	Long-term equity investment	Self-financing	Nil	Long term	Completed debt-to-equity repurchase	(2,048.44)	No	7 July 2022	"Announcement on Repurchasing Part of the Equity of its Controlling Subsidiaries of the Company" (No.: Lin 2022-045)	
Shandong Gold Mining (Laizhou) Co., Ltd.	Gold mining, processing, smelting and sales	Yes	Acquisition	50,000	100%	Yes	Long-term equity investment	Self-financing	Nil	Long term	Completed debt-to-equity repurchase	2,697.74	No	7 July 2022	"Announcement on Repurchasing Part of the Equity of its Controlling Subsidiaries of the Company" (No.: Lin 2022-045)	

Invested company	Major businesses	Mainly engaged in investment business	Investment method	The amount invested	Shareholding	Whether consolidating the financial statements	Statement account (if applicable)	Source of capital	JV partners (if applicable)	Investment horizon (if applicable)	Progress as of the balance sheet date	Estimated earnings (if any)	Impact on the profit and loss during the Reporting Period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Shandong Gold Mining (Xinhui) Co., Ltd.	Gold mining, processing, smelting and sales	Yes	Acquisition	100,000	100%	Yes	Long-term equity investment	Self-financing	Nil	Long term	Completed	1,707.56	No	26 August 2022	"Announcement on Resolutions of the Twenty-seventh Meeting of the Sixth Session of the Board of Directors of the Company" (No.: Lin 2022-055)	
Cardinal Nantun Mining	Mining and mineral exploration	Yes	Capital increase	345.38	100%	Yes	Long-term equity investment	Self-financing	N/A	Long term	Completed		No	26 August 2022	"Announcement on Resolutions of the Twenty-seventh Meeting of the Sixth Session of the Board of Directors of the Company" (No.: Lin 2022-055)	
Shanjin Mine Engineering (Shandong) Co., Ltd. (山东金矿工程(山东)有限公司)	Mine engineering construction	Yes	New establishment	4,000	70%	Yes	Long-term equity investment		China Railway 14th Bureau Group Co., Ltd. (中铁十四局集团有限公司), Zhaoyuanong Coal and Gold Ore Mine Engineering Co., Ltd. (招远莱煤金石矿工程有限公司)	Long term	Not included in the scope of consolidation as the business license was obtained in December 2022, and no business occurred during the Reporting Period		No	27 October 2022	"Announcement on Resolutions of the Twenty-Eighth Meeting of the Sixth Session of the Board of Directors of the Company" (No.: Lin 2022-063)	

In addition, there are the following major acquisition projects in 2022:

① *Acquisition of shares in Yintai Gold*

The 31st meeting of the sixth session of the Board held on 9 December 2022 considered and approved the Resolution on Entering into of the Share Transfer Agreement. The Company entered into the Share Transfer Agreement with China Yintai, the controlling shareholder of Yintai Gold, and Mr. Shen, the de facto controller of Yintai Gold, on the same date in relation to the proposed acquisition of approximately 20.93% of the issued shares of Yintai Gold at not more than RMB13 billion. If the transfer is successfully completed, the Company will become the controlling shareholder of Yintai Gold, whose de facto controller will be changed to the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government.

For details, please refer to the overseas regulatory announcement and inside information announcement of the Company published on the website of the Hong Kong Stock Exchange on 11 December 2022. For the latest developments on the acquisition, please refer to the section of "Events After the Reporting Period" in this announcement.

② *Acquisition of 80% equity interests and 100% creditor's rights of Laizhou Gold Coast Ecology Co., Ltd. (萊州金岸生態有限公司) held by Shandong Yiyang*

The Company announced on 16 December 2022 that, Shandong Gold Mining (Laizhou), a subsidiary of the Company, proposed to acquire 80% equity interests and 100% creditor's rights of Laizhou Gold Coast Ecology Co., Ltd. from Shandong Yiyang on Shandong Property Rights Exchange Center (山東產權交易中心) by way of participation in a public tender process at a total consideration of not more than approximately RMB194.1 million. Laizhou Gold Coast Ecology Co., Ltd. held by Shandong Yiyang is a limited liability company established in the PRC on 4 November 2021 with a registered capital of RMB10 million. It is principally engaged in the provision of ecological restoration and protection services, leisure and sightseeing activities, information consulting services (excluding permitted information consulting services), solid waste treatment and conference and exhibition services. The appraised value of 80% equity interests and 100% creditor's rights in Laizhou Gold Coast Ecology Co., Ltd. was RMB9,248,900 and RMB195,111,000, respectively.

Laizhou Gold Coast Ecology Co., Ltd. mainly includes an industrial land of the 8,000-ton concentrator in the Xinli mining area of Sanshandao Gold Mine, the Shandong Gold Natural Museum, the coastal ecological restoration project, and the tailings ecological management demonstration area. In order to protect long-term land use rights of the concentrator in the Xinli mining area of Sanshandao Gold Mine, better maintain the tailings and drainage pipelines of Sanshandao Gold Mine in the area of coastal ecological restoration project, demonstrate the achievements of Shandong Gold's green mine construction, and further enhance the brand image of Shandong Gold, SDG Mining (Laizhou) decided to acquire 80% of the equity interests and 100% of the creditor's rights of Laizhou Gold Coast Ecology Co., Ltd. held by Shandong Yiyang.

For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 16 December 2022.

Shandong Gold Mining (Laizhou) completed the acquisition of Laizhou Gold Coast Ecology Co., Ltd. in January 2023, which was not included in the scope of consolidation during the Reporting Period.

Significant Sale of Assets and Equity interests

The “Resolution on the Introduction of CRCC International Investment to Increase the Capital in the Cardinal Project and the Execution of Transaction Documents” was considered and approved at the 30th meeting of the sixth session of the Board of the Company held on 17 November 2022. In order to introduce high-quality strategic partners, give full play to the respective advantages of both parties, further accelerate the project construction and production of Cardinal, and continue to expand and strengthen the Cardinal project, the Company decided to introduce CRCC International Investment Limited as a strategic partner to invest and construct the Cardinal project together with the Company.

CRCC International Investment Limited has acquired 15% equity interest in each of the two subsidiaries by way of capital increase from the level of two wholly-owned subsidiaries of Cardinal, namely Cardinal Namdini Mining Limited and Cardinal Ghana Limited. The total capital increase amount is US\$6.53 million plus A\$106.91 million, which will be paid by CRCC International Investment Limited in US dollar equivalent. After the completion of the capital increase, the shareholding of Cardinal Resources Limited in the two subsidiaries will be 85%.

For details, please refer to the Company’s overseas regulatory announcement titled “Announcement on Resolution of the 30th Meeting of the Sixth Session of the Board of Shandong Gold Mining Co., Ltd.” published on the website of the Hong Kong Stock Exchange on 17 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2022, the Group's:

- **revenue** increased by 48.25% to approximately RMB50,305.8 million from approximately RMB33,932.6 million for the same period in 2021, which was mainly due to the increase in sales volume and sales price of self-produced gold, externally procured alloy gold and finished gold during the Reporting Period.
- **cost of sales** increased by 39.87% to approximately RMB44,138.3 million from approximately RMB31,557.6 million for the same period in 2021, which was mainly due to the increase in costs of self-produced gold, externally procured gold and alloy gold during the Reporting Period.
- **gross profit** increased by 159.67% to approximately RMB6,167.4 million from approximately RMB2,375.1 million for the same period in 2021, which was mainly due to the increase in sales volume and sales price of self-produced gold and the decrease in unit sales cost during the Reporting Period.
- **selling expenses** decreased by 51.15% to approximately RMB176.4 million from approximately RMB361.1 million for the same period in 2021, which was mainly due to the decrease in sales commission during the Reporting Period.
- **other gains and losses, net** decreased by 123.66% to a loss of approximately RMB318.8 million from a gain of approximately RMB1,347.5 million for the same period in 2021, which was mainly due to the decrease in profit from financial products during the Reporting Period.
- **finance costs** increased by 43.45% to RMB1,051.0 million from approximately RMB732.6 million for the corresponding period of 2021, which was mainly due to the expansion of financing scale during the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry. The Group requires liquidity for expansion of its mining and processing businesses, exploration activities and acquisition of exploration and mining permits. Major sources of capital of the Group are, including but not limited to, cash generated from operating activities, bank financing, bonds issued or to be issued, and private placement of share capital. The liquidity of the Group depends, to a large extent, on the cash generated from its operating activities, its ability to repay debts as and when the debts fall due, and its requirements for future operating and capital expenditure.

As at 31 December 2022, the Group's reserves amounted to approximately RMB18,520 million and short-term borrowings amounted to approximately RMB9,781 million. The bank balances and cash of the Group as at 31 December 2022 were approximately RMB7,753 million. Based on the following factors for consideration, the Directors were of the opinions that the Group will be able to have sufficient working capital to provide capital sources for future needs of financing and working capital: (a) the Group is expected to be profitable continually, and thus will continue to generate operating cash flows from future business operations; (b) the Group has been maintaining long-term business relationships with its principal bankers.

In the opinions of the Directors, the Company has sufficient cash flows for the operation of the Group for the next 12 months, including its planned capital expenditure and current debt repayment. The borrowings of the Group include short-term loans due to related parties in an aggregate amount of approximately RMB666 million from SDG Group Finance at an interest rate ranging from 2.55% to 4.00% per annum. The Company has issued two tranches of renewable corporate bonds. Please refer to "Information of Corporate Bonds" below for details.

On 13 August 2018, the Shareholders approved our proposal to issue green bonds in accordance with the relevant CSRC laws and regulations. The fixed-rate (3.85%) green bonds with a term of three years totally amounting to RMB1.0 billion were issued on 22 March 2019. For further details, please refer to the Company's announcements published on 4, 19, 21 and 22 March 2019. As at the date of this announcement, such bonds were fully repaid by the Company.

CASH FLOWS

The Group's bank balances and cash have increased from approximately RMB4,525 million as at 31 December 2021 to approximately RMB7,753 million as at 31 December 2022.

ASSETS AND LIABILITIES

As at 31 December 2021, the Group's:

- **prepayment, trade and other receivables** increased by 30.85% to approximately RMB4,683.6 million from approximately RMB3,579.4 million as at 31 December 2021, which was mainly due to the increase in prepayment made by subsidiaries for purchase of gold for the Reporting Period.
- **deferred income tax assets** decreased by 39.17% to RMB289.5 million from approximately RMB475.9 million as at 31 December 2021, mainly due to the decrease in accrued expenses that have not been paid yet.
- **inventory** increased by 30.40% to RMB5,508.1 million from approximately RMB4,224.1 million as at 31 December 2021, mainly due to the increase in unsold externally procured alloy gold and gold leasing at the end of the Reporting Period.
- **prepaid income tax** increased by 563.38% to RMB105.1 million from approximately RMB15.9 million as at 31 December 2021, mainly due to the increase in profitability and prepaid income tax for the Reporting Period.
- **restricted bank deposits** increased by 289.93% to RMB1,880.8 million from approximately RMB482.4 million as at 31 December 2021, mainly due to the prepayment of earnest money for mergers and acquisitions for the Reporting Period.
- **lease liabilities increased** by 58.35% to RMB208.2 million from approximately RMB131.5 million as at 31 December 2021, mainly due to the increase in operating leases for the Reporting Period.
- **current income tax liabilities** increased by 35.05% to RMB303.4 million from approximately RMB224.7 million as at 31 December 2021, mainly due to increased profitability and an increase in income tax payable for the Reporting Period.
- **borrowings (including current and non-current liabilities)** increased by 54.04% from approximately RMB15,144.9 million as at 31 December 2021 to approximately RMB23,328.9 million, mainly due to the increase in the amount of long-term borrowings by the Company and its subsidiaries.

CAPITAL EXPENDITURE

The capital expenditure of the Group mainly relates to the acquisition of mining and exploration permits, property, plant and equipment, land use right and intangible assets, and investment properties. For the year ended 31 December 2022, in the contracted but not incurred capital expenditure of the Group, the total amount for the acquisition of mining and exploration permits, property, plant and equipment, was RMB1,281.52 million.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2022, the Group recorded financial assets at fair value through profit or loss (“FVTPL”) amounting to approximately RMB8,119.98 million (31 December 2021: approximately RMB8,334.94 million), which included equity securities listed in the PRC, investment funds, asset management plans, trust plans and structured deposits. As at 31 December 2022, the Group, through its subsidiaries, held securities of Donghai Securities Co., Ltd. (“**Donghai Securities**”), a company listed on national equities exchange and quotations of the PRC which conducts principal business of brokerage business, online trading and investment consultation. The Group held 347,169,166 shares of Donghai Securities in aggregate, representing 18.71% of the total issued shares of Donghai Securities. According to the evaluation report issued by Shangdong Zhongxin Assets Appraisal Company Limited, an independent valuer engaged by the Group, the fair value of the investment in Donghai Securities as at 31 December 2022 was approximately RMB5,012.68 million, which was approximately 5.50% of the Group’s total assets as at 31 December 2022. For the year ended 31 December 2022, there is a fair value gain of RMB48.33 million from the securities of Donghai Securities held by the Group and Donghai Securities distributed a dividend of RMB6.55 million. We are optimistic about the on-going performance of Donghai Securities. Nevertheless, we will closely monitor the performance of Donghai Securities on an on-going basis.

The Group considers that, save for the investments in Donghai Securities, no other single investment that was designated as financial assets at FVTPL in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 December 2022.

The Group adopts prudent and pragmatic investment strategies over its investments. Significant investments as well as investments in other financial products are made with a purpose of maximizing the Group’s return after taking into account the level of risk, return on investment and the term to maturity. The Group’s investment strategy is to select financial products with relatively low risk in order to secure a stable investment income with relatively low risk. Prior to entering into any investment, the Group will also ensure that sufficient working capital will remain for the Group’s business, operating activities and capital expenditures.

MAJOR INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, for the year ended 31 December 2022, the Group had no major investments (including investments with an asset ratio of more than 8% in any entities) nor major acquisitions or disposals of subsidiaries, associates and joint ventures.

The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. We are confident in the future and committed to continuous growth of the Group.

DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

Landscape and Development Trend in the Industry

Competitive landscape in the industry

Against the background of accelerated evolution of the world's unprecedented changes in a century, the value of gold as a preservation of value and hedge has become more prominent, and the competition for gold mineral resources has become increasingly fierce. In May 2022, Gold Fields of South Africa, the world's seventh largest gold company, announced the acquisition of Yamana Gold of Canada. After the merger, it will become the world's fourth largest gold company in terms of production.

Large-scale domestic gold companies fully realize the importance of gold resources, and have joined forces to actively promote mergers and acquisitions reorganization and resources acquisitions at home and abroad. According to the China Gold Association, the domestic mines of large gold enterprises produced a volume of 148.066 tonnes of gold in 2022, accounting for 50.12% of the total production volume in the PRC, which was an increase from 47.14% in 2021. The overseas mines of domestic gold enterprises achieved a gold production volume of 51.048 tonnes, representing a year-on-year increase of 32.14%. The concentration of the domestic gold industry has further increased.

Against the backdrop of profound changes in the global political and economic landscape, gold is expected to continue to maintain a relatively high value for long-term allocation. Firstly, from the perspective of economic performance: as the central banks of major economies continue to tighten monetary policies to combat inflation, the global economy is facing increasing pressure of slowing growth and even recession. Secondly, from the perspective of monetary policy: with the decline of bulk commodity prices, especially energy prices, inflation will continue to decline, so that the central banks of major economies are expected to slow down the pace of interest rate hikes and even gradually shift to loose monetary policies. Finally, from the perspective of geopolitical risks: the conflict between Russia and Ukraine is still ongoing, and there are large variables in how it will be for the future. The local geopolitical risk situation in the world is still unclear. The combined effect of above factors has increased the financial market's demand for gold for preservation of value and hedging, making gold have the value of long-term allocation and providing favorable support for the development of the gold industry. Benefiting from the market's recognition of the future value of scarce mineral resources such as gold, mergers and acquisitions reorganization and resources acquisitions in the global gold industry are expected to continue.

Industry development trend

The 20th National Congress of the CPC made new arrangements and plans for strengthening the security of mineral resources, deepening the reform of state-owned enterprises, promoting state-owned capital and state-owned enterprises to become stronger, better and bigger, and accelerating the construction of world-class enterprises. The Party Central Committee and the State Council issued the Outline of Strategic Planning for Expanding Domestic Demand (2022-2035) (《擴大內需戰略規劃綱要(2022-2035年)》), many of which involve the geological and mining industry and related industries, which brings great opportunities for development. The Ministry of Natural Resources has fully launched a new round of domestic prospecting for strategic minerals. Many provinces have successively issued the overall plan for mineral resources during the 14th Five-Year Plan period, providing important guidance for the implementation of breakthrough strategies during the new round of prospecting for mining companies.

In 2022, gold enterprises actively promoted mergers and acquisitions reorganization and resources acquisitions. With the all-round advancement of the “Double Carbon” action, the world will usher in a new energy revolution, and gold mining companies are repeatedly engaged in the mergers and acquisitions and development of new energy resources. In addition, gold companies are also actively seeking new development models, promoting green and low-carbon technology progress, improving energy efficiency and achieving intelligent development of enterprises. Gold enterprises, on the one hand, transform the energy structure, vigorously promote clean energy, on the other hand, increase the transformation and upgrading of key links such as mines and smelters, and promote the development and application of innovative technologies for low-carbon smelting.

The Company has obvious competitive advantages in the gold industry. It has the resource advantages of a world-class gold production base, leading technological advantages in deep well mining, seabed mining, green mining and intelligent mining, management advantages in collectivization, specialization, intensification and streamline, and talent advantages in higher percentage of highly educated talents, professional skilled talents, high-skilled talents, and high-level talents. In 2023, based on mineral rights resources such as “Jiaojia Resource Belt, Xincheng Resource Belt and Sanshan Island Resource Belt”, the Company will rely on six major planning sectors: mining sector, refining sector, circular economy, intelligent mine, ecological mining and industrial synergies to accelerate the construction of a world-class gold base in Jiaodong region. The mining sector takes intelligence and efficiency, intrinsic safety, seabed deep wells, green ecology, and humanistic harmony as the construction themes, with Jiaojia mining area, Xincheng mining area and Sanshandao mining area as the core mining areas, and strives to construct leading mines in large-scale deep wells green intelligent mining, world-class “intelligent mining” and “ecological mining”. The Company vigorously promotes the construction of major projects, comprehensively optimizes and improves the level of project construction, operation management, technological innovation, safety and environmental protection, so as to build a world-class mining enterprise with global competitiveness.

Development Strategies of the Company

1. *Corporate vision*

To become a world-class gold mining enterprise with excellent technology and management and sustainable development.

2. *Strategic positioning*

Making full use of the Company's industry advantages in gold resources, economic benefits, technical talents, safety and environmental protection, giving full play to the leading role of large gold enterprises, we will adhere to the green, innovative and lean development model, speed up the promotion of major projects for the conversion of new and old kinetic energy, actively respond to the national "Belt and Road" construction, and firmly grasp the strategic opportunity period of gold resources integration. We will strive to build a world-class gold production base and accelerate to become a world-class mining enterprise with global competitiveness with outstanding main business advantages, excellent corporate governance and excellent value creation ability.

3. *Three-year development pathway*

Stabilizing outward expansion and inward expansion, and making new records *in 2022*. While steadily improving the operation and management level of overseas enterprises and gold production, we will focus on the merger and acquisition and reorganization of domestic high-quality resource projects, and further improve the domestic gold resource reserves. We will comprehensively optimize and enhance production and operation, project construction, reform of state-owned enterprises, improvement of people's livelihood, safety and environmental protection, and make efforts to achieve new breakthroughs and improvements in various fields.

Interconnecting internally and externally to leap forward *in 2023*. Based on the development pattern of domestic and international double loops, the output of domestic mines has grown steadily, and the performance of foreign mines has gradually emerged, promoting the leap forward of the Company's various work, truly achieving both improvements in quality and efficiency and production expansion, and becoming stronger and longstanding on the basis of strengthening and excellence. We will comprehensively consolidate the Company's industry-leading advantages, build industry benchmarks in an all-round way, and achieve higher-quality, more efficient, fairer, more sustainable and safer development.

Fully creating and leading in the industry *in 2024*. Creating a new situation of high-quality development with outstanding advantages in the main business and first-class comprehensive strength. With a complete transformation of the development mode to quality and efficiency, we will build a number of smart and intelligent backbone gold mines, and lead the industry's sound ecological development with resource reserve advantages and high technology research and development level. So that, the Company's important influence in the global gold field will be enhanced in line with significant improvement in its competitiveness, innovation, influence and anti-risk ability.

The above forward-looking statements of the Company's plans and development goals do not constitute profit forecasts of the Company, nor do they constitute material commitments to investors, and their achievement depends on macroeconomic conditions, policy environment, market conditions, the Company's business situation and various factors, and are subject to uncertainty, and the Company may make corresponding adjustments depending on future developments.

Business Plans

In 2023, the production and operation plan determined by the Company is that the gold output is no less than 39.641 tonnes. The plan is based on the current economic situation, market conditions and operating situation of the Company. As this is a guiding indicator of the Company subject to uncertainty, it does not constitute a commitment to achieve production, and the Company may make corresponding adjustments in due course depending on the future development of the situation.

Main measures to be taken in 2023:

Following the guide of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will fully implement the spirit of the 20th National Congress of the CPC and economic work conferences of the central government and the provincial Party committee, insist on seeking progress in stability and quality improvement to implement the new development philosophy completely, accurately and comprehensively. With the theme of promoting high-quality development, we will closely follow the annual target of "Integrating Internal and External Resources for Leapfrog Development", forge consensus and gather strength, and focus on the following tasks to comprehensively build up the Company's leading edge in the industry:

(I) Focus on improving production efficiency. We will innovate the integrated appraisal mechanism, strengthen production organization and management, focus on promoting the renewal of safety production license of the Linglong mining area in Linglong Gold Mine, expedite the resumption of production in Linglong mining area, and advance production capacity of normal production enterprises to ensure stable and increased production. We will earnestly promote upscaled and intelligent development of mines in Shandong Province, and the innovation in mining operation mode of high performance and efficiency trackless equipment, for improving the efficiency of production operations. We will focus on the management of production technology throughout the process and optimize "Five Rates" (loss rate, dilution rate, recovery rate, equipment rate and labor productivity rate) indicators, so as to maximize resource utilization.

(II) Build a “strong engine” for project construction. We will take project construction as the source of momentum to stabilize growth and make effort to promote early completion, operation and effectiveness of construction projects. We will particularly accelerate the construction of the Jiaojia Gold Mine’s resource integration and development project, the Xincheng Gold Mine’s resource integration and development project, the Namdini Gold Mine project of Cardinal Resources Limited (卡蒂諾資源公司) in Ghana, the mining and processing 2,000t/d expansion project of Chifengchai Gold Mine and the Sanshandao Gold Mine auxiliary shaft project. By the end of the year, we will strive to achieve the following goals: the Jiaojia open mixed shaft project to be drilled to the deepest, the Xincheng Gold Mine new main shaft project and the Tengjia shaft project to make significant progress, and the Namdini Gold Mine project to start oxidized ore mining and infrastructure stripping.

(III) Continuously consolidate the resource base. We will intensify in-house exploration and outsourcing and conscientiously summarize the laws of geological mineralization to enhance exploration intensity, upgrade resource reserves, and achieve breakthroughs in prospecting. At the same time, we will accelerate the pace of merger and acquisition of high-quality mineral rights projects around existing mines and significant mineralized zones, and continue to extend the Company’s advantages in production capacity and resource scale. We will accelerate the project of the acquisition of control over Yintai Gold to coordinate the function of industrial and regional synergies between Shandong Gold and Yintai Gold upon completion of the acquisition.

(IV) Continue to stimulate innovation momentum. Guided by specialized industrial upgrading and enterprise production needs, and aiming to resolve practical problems, we will continue to increase investment in scientific and technological research and development, and strengthen scientific breakthroughs in efficient and intelligent mining process, intelligent support and ventilation and heat damage control at the deep level, the stability control of ultra-deep surrounding rock of the shaft, difficult beneficiation and smelting and others. Through effectively resolving technical bottlenecks of the industry, we can maximize the benefits of investment. Relying on the innovative research and development platform of laboratory, we will intensify efforts to tackle technical problems such as the disposal of mine tailings (cyanide slag) and high-concentration and high-strength filling of tailings, and make efforts to promote the application of technological achievements to facilitate safe, efficient and green mining in mines.

(V) Further improve the quality of development. We will firmly establish the concept of “all costs are controllable”, coordinating cost reduction in management, finance, policy and centralized procurement, etc., to continuously expand the scope for cost reduction and efficiency improvement. We will further improve the wage and salary system to achieve the “win-win” goal of increasing benefits for the Company and the incomes for employees. With comprehensive enhancing of risk control, and by giving full play to the collaborative operation of audit, law, risk control and compliance management, we will strictly control risk points and cultivate growth points to maximize benefits. We will make efforts to strengthen capital management, further optimize financing structure and reduce finance costs in order to improve the level of capital operation.

(VI) Solidly improve the level of intrinsic safety. We will consolidate the principal responsibility of safety production at all levels, and improve the system of linking safety production performance with performance evaluation, rewards and punishments, and duty appraisal. We will innovate the safety education and training model, focusing on the training of key personnel such as mine managers, technical professionals, and safety management personnel, forging a strong safety team. We will deepen the investigation and control of potential safety risks to ensure prevention at source, management in advance and control over the process, and promote the shift from “zero accident” to “zero hidden danger”. We will continue to improve the level of ecological and environmental protection, strengthen the dynamic management of green mine construction, and promote carbon peaking and carbon neutrality in a scientific and orderly manner. We will unswervingly promote green and low-carbon development through coordinating carbon reduction, pollution reduction, green expansion and growth.

(VII) Strengthen the guide of high-quality Party building. We will continue to strengthen our theoretical armament and promote the learning and implementation of the spirit of the 20th National Congress of the Party in a deep and strong manner. We will effectively enhance the standardization and regularization of Party building at the grassroots level, select and assign strong leaders and cadres at all levels, with a focus on strengthening the building of professional teams. We will strengthen the application of inspection results to achieve full coverage of inspection work. We will insist that the Party building should lead group building, comprehensively strengthen the construction of labor union and mass organization, practically resolving the difficulties and reasonable demands of our staff and protecting their legitimate rights and interests. So that, we can comprehensively mobilize and play the role of our employees as the main force, and continue to consolidate the good atmosphere of clinging to reforms and boosting development.

Possible Risks

The Company clarifies the risk management responsibilities of the Board, the management and various departments and positions by strengthening organizational leadership, and establishes a whole process and chain risk prevention and control system and work mechanism based on the standard of “standardization and stability”, so as to firmly and vigorously prevent and resolve risks. Investors are advised that the Company has listed the main risks and taken countermeasures, and however, the Company cannot absolutely guarantee the elimination of all adverse factors due to constrains of various factors.

1. Risks of fluctuation in product prices

The product prices determine the operating results of the Company to a great degree. Gold is the primary product of the Company. Factors affecting the gold price include global supply and demand, macro-political and economic factors (such as geopolitics, local wars, inflation, etc.). Under the combined effect of these factors, there will be large fluctuations in the gold price, which may adversely affect the Company’s revenue and profit.

Countermeasures: We improved the gold transaction decision-making mechanism, strictly implemented the transaction procedures, strengthened the research and analysis team building, and carried out market tracking research to comprehensively enhance the ability of price research and judgement and grasp the price trend. We rationally applied financial derivatives to continuously improve the hedging business operation system, so as to address and prevent the risk of prices fluctuation. We strengthened production organization and management, did a good job in the whole process of production technology management, and advanced the innovation of large-scale and intelligent mining operation mode to improve production operation rate and resource utilization rate, so as to promote the improvement of production capacity. We continued to reduce costs and increase efficiency by further reducing costs in management, finance, policy and centralized procurement, to enhance the Company's cost control capability and actively manage the possible adverse impact of product price fluctuations on the Company's revenue and profit.

2. *Safety and Environmental Protection Management Risks*

The external supervision of safety and environmental protection is increasingly stringent. Although the Company's safety and environmental protection situation continues to be stable, there is still a certain uncertainty in internal and external conditions during the production and operations, which brings certain risks and potential dangers to the Company's production safety and environmental protection.

Countermeasures: We signed the work safety responsibility certificate with all staff and released the Opinions on Strengthening Safety Work in 2023 to guide the Company's safety work of the year and strengthen the implementation of production safety responsibility. We reinforced the whole-process closed-loop management of the identification, registration, governance, supervision and closure of potential safety risks to comprehensively identify potential safety risks, strictly manage and control weaknesses, and deepen special safety rectification activities. We further consolidated and enhanced the construction results of "to replace workers with machineries, to reduce workers with automation", strengthening precise investment in and management of safety production to ensure key investments in potential risks governance, equipment upgrade, and emergency rescue, so as to build mechanized and intelligent mines and achieve intrinsic safety.

We implemented the main responsibility for environmental protection, conducted environmental inspection and assessment on a regular basis, standardized the management of pollution prevention and compliant emission in respect of hazardous chemicals, tailings pond and "three wastes". We promoted the use of clean energy, increased pollution prevention, and advanced synergy effects of pollution reduction and carbon reduction. We actively carried out beautification and greening activities in mining areas, strengthened the dynamic management of green mine construction, and established the long-term management mechanism to increase the level of green mine construction. We organized various forms of environmental protection and environmental publicity activities to raise employee' awareness of environmental protection.

3. *International Operation Risk*

The global economy endures weak recovery as the gradual complexity of the international economic and political situation. The Chinese enterprises are faced with increasing risks in their international operations, including the risks in politics, law, economic environment, religious environment, financial and cultural integration, which may affect the Company's overseas operations.

Countermeasures: We carefully analyzed the political, religious and cultural and investment environments of the target country of investment, strengthening the communications with overseas Chinese-funded institutions and Chinese-funded enterprises that have started business in the target country, and continuously paid attention to and studied various laws, regulations and policy requirements of the PRC and target countries of investment to prevent the risks of overseas investment from the political, economic, and legal aspects. We actively responded to the impact of unexpected situations such as politics and environmental protection on overseas business and personnel safety, and strictly implemented relevant local requirements, so as to achieve win-win development for the Company and local community.

4. *Financial Risk*

The current international environment is volatile and the domestic economy is not yet on a firm footing to recover. The external environment has a significant impact on the real economy and the capital market, which brings challenges to the production and operation of the Company.

Countermeasures: We focused on building a comprehensive risk management mechanism that integrates production and financing around core functions such as investment decision-making, transaction management, internal control and legal compliance; strengthened our research and interpretation of domestic and foreign macroeconomic situations and economic policies by building a transaction and research team and a risk management platform. We continued to enhance pre-investment business risk control, conduct detailed pre-investment due diligence, and make thorough research and judgement on the investment industry, selection of targets and investment timing. We strictly formulated and implemented risk prevention and control measures for key nodes and parts such as review of investment and post-investment management, set reasonable alert and stop-loss indicators, monitored in real-time of investment to adjust strategies in a timely manner and track project progress, so as to strictly control financial risks.

5. *Resource acquisition risk*

With the expansion of exploration depth and coverage, the adjustment of industry policies, and the strengthening of national strategic resource management and control, it is more difficult to acquire new high-quality mineral rights.

Countermeasures: We innovated the mode of resource acquisition, accelerated the integration of significant and high-quality resources at home and abroad through various methods such as mergers and acquisitions of and application for mining rights, and risk prospecting, and continued to expand the advantages of production capacity and resource scale. To strengthen the research and development of exploration technology and make full use of the Company's professional geological team, we continued to intensify our efforts in exploration for domestic advantageous target areas, and made new breakthroughs in theories of ore formation and prospecting and regional exploration to expand our resource reserves. We kept track of policy trends and seized the opportunity of resource integration to advance the perfection of the certificates and permits in key areas.

EXCHANGE RATE VOLATILITY RISK

Most of the Group's revenue, operating costs and expenses are denominated in Renminbi and are expected to continue in the future. Revenue generated by our Argentina operations is denominated in U.S. dollars while operating and capital costs for the Veladero Mine are partially denominated in Argentine Peso. Since the trend of gold prices in Renminbi is generally in line with that of international gold prices denominated in U.S. dollar and historically the Argentine Peso has experienced significant fluctuations, the revenue of the Group may be affected if there is any significant changes in the exchange rate of Renminbi vs U.S. dollar and Argentine Peso vs U.S. dollar. Therefore, the consolidated financial results of the Group may be affected. The management has been monitoring foreign exchange risk and may promptly hedge against foreign exchange risk if necessary.

INFORMATION OF CORPORATE BONDS

Overview of corporate bonds

Unit: RMB'00,000,000

Name of Bonds	Abbreviation	Code	Date of Issuance	Date of Initial Interest Accrued	Date of Maturity	Out-standing Balance of Bonds	Coupon Rate (%)	Payment of Principal and Interest	Place of Trading	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
The 2019 Public Issuance of Green Corporate Bonds by Shandong Gold Mining Co., Ltd.	G19 Lujin 1	155270	2019.3.20	2019.3.22	2022.3.22	0.00	3.85	Interest to be paid annually, principal to be repaid at maturity, principal and interest had been settled on schedule and delisted	Shanghai Stock Exchange	Professional Investors	Public transaction	No
The 2020 Public Issuance of Renewable Corporate Bonds by Shandong Gold Mining Co., Ltd. (for Professional Investors) (the First Tranche)	20 Lujin Y1	175514	2020.12.1	2020.12.3	2023.12.3	27.00	4.80	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	Professional Investors	Public transaction	No
The 2020 Public Issuance of Renewable Corporate Bonds by Shandong Gold Mining Co., Ltd. (for Professional Investors) (the Second Tranche)	20 Lujin Y2	175566	2020.12.17	2020.12.21	2023.12.21	13.00	4.69	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	Professional Investors	Public transaction	No

Settlement of interests and principals of the bonds during the Reporting Period

Name of Bonds	Description of interest payment status
The 2019 Public Issuance of Green Corporate Bonds by Shandong Gold Mining Co., Ltd.	The Company paid interest and principal on 22 March 2022 for the period from 22 March 2021 to 21 March 2022. For details, please refer to the Announcement on 2022 Principal and Interest Settlement and Delisting of the 2019 Public Issuance of Green Corporate Bonds by Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司2019年公開發行綠色公司債券2022年本息兌付及摘牌公告》) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 15 March 2022
The 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the First Tranche) by Shandong Gold Mining Co., Ltd.	The Company paid interest on 5 December 2022 (postponed to the first trading day thereafter as 3 December 2022 is a non-trading day) for the period from 3 December 2021 to 2 December 2022. For details, please refer to the Announcement on 2022 Interest Payment of the 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the First Tranche) by Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司2020年公開發行可續期公司債券(面向專業投資者)(第一期)2022年付息公告》) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 28 November 2022
The 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the Second Tranche) by Shandong Gold Mining Co., Ltd.	The Company paid interest on 21 December 2022 for the period from 21 December 2021 to 20 December 2022. For details, please refer to the Announcement on 2022 Interest Payment of the 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the Second Tranche) by Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司2020年公開發行可續期公司債券(面向專業投資者)(第二期)2022年付息公告》) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 14 December 2022

SHAREHOLDERS' GENERAL MEETING

During the year ended 31 December 2022, the Company held five general meetings (including 2022 annual general meeting) and one class general meeting. The Company shall convene and hold general meeting of Shareholders in strict compliance with the regulations and requirements of the Articles of Association and the procedures of the Shareholders' general meeting of the Company to ensure that all Shareholders (especially minority Shareholders) can enjoy equal rights and fully exercise their voting rights.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

A payment of cash dividend of RMB0.70 per 10 Shares (inclusive of taxes) is proposed to be paid to all Shareholders. As at 29 March 2023, the Company has a total share capital of 4,473,429,525 Shares. Accordingly, the proposed cash dividend is approximately RMB313.1 million. The remaining undistributed profits are carried forward for the subsequent annual distribution. The above proposal will be put forward at the forthcoming annual general meeting of the Company for consideration and approval. The specific arrangements regarding the final dividend and its distribution and the time and arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the annual general meeting. If approved at the annual general meeting, the Company shall distribute the dividend within two months after the date of the annual general meeting. The Company shall announce separately the exact expected dividend payment date.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except for Jinzhou Mining Group Co., Ltd. (金洲礦業集團有限公司), a subsidiary of the Company, which sold the 4,814,144 shares in the Company held by it at a total consideration of RMB101,399,824.53 in 2022, the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company, being a company listed in Hong Kong and Shanghai, manages its operation in strict compliance with the laws, regulations and regulative documents of the places where its Shares are listed, and strives to protect and enhance its corporate image. The Company continues to improve its corporate governance structure in compliance with the PRC Company Law and the regulations and requirements of the CSRC, the Securities and Futures Commission and the Hong Kong Stock Exchange. The corporate governance of the Company complies with the applicable requirements of the relevant laws and regulations.

The Company is committed to maintaining good corporate governance practices, with reference to the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules (the “**CG Code**”). The Board is of the opinion that the Company had complied with all the applicable code provisions as set out in the CG Code during the year ended 31 December 2022.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules as the model code for the trading of securities by the Directors and Supervisors. Having made specific reasonable enquiries with all Directors and Supervisors, the Company confirmed that all Directors and Supervisors have complied with the provisions of the Model Code during the year ended 31 December 2022.

AUDIT COMMITTEE

The audit committee currently comprises of two non-executive Directors, Mr. Li Hang and Ms. Wang Xiaoling and three independent non-executive Directors, Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng. The chairman of the audit committee is Ms. Zhao Feng.

The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2022 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers that the annual results of the Group for the year ended 31 December 2022, which have been agreed by the Company's auditors, are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

EVENTS DURING THE REPORTING PERIOD

Amendments to the Articles of Association

On 26 October 2022, the amendments to the Articles of Association were made by the Company in accordance with the updated requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines on the Articles of Association of Listed Companies (Revised in 2022) (《上市公司章程指引(2022年修訂)》) (CSRC Announcement [2022] No. 2), and the Rules for General Meetings of Listed Companies (Revised in 2022) (《上市公司股東大會規則(2022年修訂)》) (CSRC Announcement [2022] No. 13) announced by the China Securities Regulatory Commission (the "CSRC") on 5 January 2022, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in January 2022) (《上海證券交易所股票上市規則(2022年1月修訂)》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidelines of the Shanghai Stock Exchange for Self-regulation of Listed Companies No. 1 – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號–規範運作》), and the Guidelines of the Shanghai Stock Exchange for Self-regulation of Listed Companies No. 5 – Transactions and Related Party Transactions (《上海證券交易所上市公司自律監管指引第5號–交易與關聯交易》) issued by the Shanghai Stock Exchange on 7 January 2022 and other relevant laws, regulations, rules and normative documents, and taking into account the actual conditions of the Company, which was subsequently approved by the Shareholders at the third extraordinary general meeting of the Company held on 2 November 2022. For details, please refer to the announcement of the Company dated 26 October 2022 published on the website of the Hong Kong Stock Exchange.

EVENTS AFTER THE REPORTING PERIOD

On 19 January 2023, the Resolution on Entering into the Supplemental Agreement to the Share Transfer Agreement was considered and approved at the 34th meeting of the sixth session of the Board of the Company, whereby the Company entered into the supplemental agreement with China Yintai and Mr. Shen in relation to the acquisition of approximately 20.93% of the issued shares of Yintai Gold, pursuant to which the Company has conditionally agreed to purchase, and China Yintai and Mr. Shen have conditionally agreed to sell approximately 20.93% of the issued shares in Yintai Gold at the consideration of RMB12,760,000,000. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 19 January 2023.

On 12 January 2023, due to the resignation of TianYuanQuan Certified Public Accountants (Special General Partnership) as the domestic auditor of the Company for financial and internal control audit, the Resolution on the Change of A-share Accounting Firm and Internal Control Auditor for the Year 2022 was considered and approved at the 33rd meeting of the sixth session of the Board of the Company, whereby the Company proposed to appoint Shinewing Certified Public Accountants (Special General Partnership) as its domestic auditor for financial and internal control audit for the year ended 31 December 2022. The change of auditor for A shares of the Company was approved by the Shareholders at the 2023 first extraordinary general meeting held on 8 February 2023. For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 12 January 2023 and 8 February 2023 and the circular dated 18 January 2023.

On 24 February 2023, in view of the official implementation of registration system related laws and regulations such as the Measures for the Administration of Registration of Securities Offering by Listed Companies (《上市公司證券發行註冊管理辦法》) on 17 February 2023, in order to ensure smooth implementation of the Non-Public Issuance, the resolution on Amendment to the Plan of the Non-Public Issuance was considered and approved at the 35th meeting of the sixth session of the Board of the Company. There are no substantial changes to other parts of the plan of the Non-Public Issuance. In addition, the 35th meeting of the sixth session of the Board of the Company also considered and approved resolutions on: (i) the Demonstration and Analysis Report on the Plan of Issuance of A Shares to Target Subscribers; (ii) formulating Shareholders' Return Plan for the Next Three Years (2023-2025) of the Company; and (iii) proposing that the Board of Directors and its Authorized Persons be Authorized by the Shareholders' General Meeting to Deal With the Relevant Matters Relating to the Issuance of A Shares to Target Subscribers, which were approved by the shareholders' general meeting, A Shares class meeting and H Shares class meeting (if applicable) of the Company held on 22 March 2023. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 24 February 2023.

Also, on 24 February 2023, SDG Design and Consultancy Co., Ltd. (a wholly-owned subsidiary of SDG Group Co.) and SDG Heavy Industry Co., Ltd. (a wholly-owned subsidiary of the Company) entered into the Asset Transfer Contract, pursuant to which SDG Design and Consultancy Co., Ltd. has agreed to sell and SDG Heavy Industry Co., Ltd. has agreed to purchase the inventory of SDG Design and Consultancy Co., Ltd. at a total consideration of RMB130,504,666.91 (inclusive of tax), which was determined based on the appraised value of the Target Assets as at the Valuation Reference Date (i.e. 30 April 2022). For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 24 February 2023.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.sdhjgf.com.cn), and the 2022 annual report of the Company containing all the information required by the Hong Kong Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

In this results announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.0 each, which are listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“China” or the “PRC”	the People’s Republic of China but for the purpose of this results announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“CSRC”	China Securities Regulatory Commission;
“China Yintai”	China Yintai Holdings Co., Ltd. (中國銀泰投資有限公司), a limited liability company established in the PRC on 18 June 1985 and is indirectly owned as to 92.5% by Mr. Shen;
“Director(s)” or “our Directors”	the director(s) of the Company;
“Group”, “the Group”, “our Group”, “we” or “us”	the Company and all of our subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.0 each, which are listed on the Hong Kong Stock Exchange;
“Mr. Shen”	Mr. Shen Guojun (沈國軍), the ultimate beneficial owner of China Yintai and an Independent Third Party;

“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
“Reporting Period”	from 1 January 2022 to 31 December 2022;
“RMB”	Renminbi, the lawful currency of China;
“SDG Group”	SDG Group Co. and all of its subsidiaries;
“SDG Group Finance”	Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a limited liability company incorporated in the PRC on 17 July 2013, which was held as to 30% by the Company and 70% by SDG Group Co.;
“SDG Group Co.”	Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), a limited liability company incorporated in the PRC on 16 July 1996, the controlling Shareholder of the Company, and was held as to approximately 70% by Shandong SASAC, as to approximately 20% by Shandong Guohui Investment Co., Ltd. (山東國惠投資有限公司) and as to approximately 10% by Shandong Social Security Fund Committee (山東省社會保障基金理事會);
“Shandong Gold” or “Company”	Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), a joint stock company incorporated in the PRC under the laws of the People’s Republic of China with limited liability on 31 January 2000;
“SDG Mining (Laizhou)”	Shandong Gold Mining (Laizhou) Co., Ltd. (山東黃金礦業(萊州)有限公司), a subsidiary of the Company established in the PRC on 27 May 2003;
“Shandong Yiyang”	Shandong Yiyang Health Group Real Estate (Group) Co., Ltd. (山東頤養健康集團置業(集團)有限公司), a limited liability company established in the PRC on 12 July 1994 which is wholly owned by Shandong Yiyang Health Industry Development Group Co., Ltd. (山東頤養健康產業發展集團有限公司) as at the date of this announcement;

“Shanghai Stock Exchange” or “SSE”	Shanghai Stock Exchange (上海證券交易所);
“Share(s)”	shares in the share capital of the Company, with a nominal value of RMB1.0 each, comprising our A Shares and our H Shares;
“Shareholders”	holder(s) of our Share(s);
“Supervisor(s)”	the supervisor(s) of the Company;
“Yintai Gold”	Yintai Gold Co., Ltd. (銀泰黃金股份有限公司), a joint stock company established in the PRC with limited liability on 18 June 1999, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000975).

By order of the Board
Shandong Gold Mining Co., Ltd.
Li Hang
Chairman

Jinan, the PRC, 29 March 2023

As at the date of this announcement, the executive Directors are Mr. Liu Qin, Mr. Wang Shuhai and Mr. Tang Qi; the non-executive Directors are Mr. Li Hang, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive Directors are Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng.