
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shandong Gold Mining Co., Ltd.** (山東黃金礦業股份有限公司) (the “**Company**”), you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- 1. 2023 WORK REPORT OF THE BOARD OF DIRECTORS**
- 2. 2023 WORK REPORT OF THE SUPERVISORY COMMITTEE**
- 3. 2023 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**
- 4. 2023 FINAL FINANCIAL REPORT**
- 5. 2024 FINANCIAL BUDGET REPORT**
- 6. 2023 ANNUAL REPORT AND ITS EXTRACTS**
- 7. PROFIT DISTRIBUTION PROPOSAL FOR 2023**
- 8. RESOLUTION REGARDING THE RE-APPOINTMENT OF AUDITOR FOR 2024**
- 9. RESOLUTION REGARDING THE 2023 APPRAISAL REPORT ON INTERNAL CONTROL**
- 10. RESOLUTION REGARDING THE 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) & SOCIAL RESPONSIBILITY REPORT**
- 11. RESOLUTION REGARDING THE SPECIAL REPORT ON THE DEPOSIT AND ACTUAL USE OF PROCEEDS IN 2023**
- 12. RESOLUTION REGARDING THE COMPANY'S GUARANTEE FACILITY FOR THE HONG KONG SUBSIDIARY FOR 2024**
- 13. RESOLUTION REGARDING THE CONDUCTING OF FUTURES AND DERIVATIVES TRANSACTIONS IN 2024**
- 14. RESOLUTION REGARDING THE CONDUCTING OF GOLD LEASING AND HEDGING PORTFOLIO BUSINESS IN 2024**
- 15. RESOLUTION ON GENERAL MANDATE TO ISSUE H SHARES**
- 16. NOTICE OF 2023 ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (the “**AGM**”) of Shandong Gold Mining Co., Ltd. to be held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC at 9:00 a.m. on Thursday, 6 June 2024 is set out on pages 16 to 20 of this circular.

The proxy form for use in connection with the AGM is enclosed herewith. The said proxy form is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Any shareholder(s) of the Company (the “**Shareholders**”) entitled to attend and vote at the AGM are entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. If you intend to appoint a proxy to attend the AGM and vote on your behalf, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it by hand, by post or by facsimile to the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders only) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be) (i.e. before 9:00 a.m. on Wednesday, 5 June 2024). Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment hereof should you so wish.

16 May 2024

TABLE OF CONTENTS

	<i>Pages</i>
DEFINITIONS	1
EXPECTED TIMETABLE	4
LETTER FROM THE BOARD	6
NOTICE OF 2023 ANNUAL GENERAL MEETING	16
APPENDIX I – 2023 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS	21
APPENDIX II – 2023 FINAL FINANCIAL REPORT	45
APPENDIX III – 2024 FINANCIAL BUDGET REPORT	50
APPENDIX IV – 2023 APPRAISAL REPORT ON INTERNAL CONTROL	52
APPENDIX V – SPECIAL REPORT ON THE DEPOSIT AND ACTUAL USE OF PROCEEDS IN 2023	62
APPENDIX VI – RESOLUTION REGARDING THE COMPANY’S GUARANTEE FACILITY FOR THE HONG KONG SUBSIDIARY FOR 2024	76
APPENDIX VII – RESOLUTION REGARDING THE CONDUCTING OF FUTURES AND DERIVATIVES TRANSACTIONS IN 2024	78
APPENDIX VIII – RESOLUTION REGARDING THE CONDUCTING OF GOLD LEASING AND HEDGING PORTFOLIO BUSINESS IN 2024	83

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“A Shareholder(s)”	holder(s) of A Shares;
“AGM”	the annual general meeting of the Company to be held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC at 9:00 a.m. on Thursday, 6 June 2024;
“Annual Report”	the 2023 annual report published on 26 April 2024 on the websites of the Company (www.sdhjgf.com.cn) and Hong Kong Stock Exchange (www.hkexnews.hk);
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Board” or “Board of Directors”	the board of directors of the Company;
“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, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1787) and the Shanghai Stock Exchange (Stock Code: 600547) respectively;
“Company Law”	the Company Law of the PRC;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“General Mandate”	a general mandate to be granted to the Board for issuing H Shares representing up to the limit of 20% of the aggregate number of H Shares in issue on the date of passing the relevant resolution by the Shareholders;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“H Shares”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“H Shareholder(s)”	holder(s) of H Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong;
“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;
“Latest Practicable Date”	11 May 2024, being the latest practicable date prior to the printing of this circular;
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC;
“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Profit Distribution”	the proposed distribution of cash dividend of RMB1.4 (tax inclusive) for every 10 Shares;
“RMB”	Renminbi, the lawful currency of the PRC;
“SDG Group”	SDG Group Co. and all of its subsidiaries;

DEFINITIONS

“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 the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government, 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 Provincial Council for Social Security Fund (山東省社會保障基金理事會);
“SDG Hong Kong”	Shandong Gold Mining (Hong Kong) Co., Limited (山東黃金礦業(香港)有限公司), incorporated in Hong Kong on 27 February 2017 with limited liability and a wholly-owned subsidiary of the Company;
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則) as amended, supplemented or otherwise modified from time to time;
“Shareholder(s)”	the shareholder(s) of the Company;
“SSE” or “Shanghai Stock Exchange”	Shanghai Stock Exchange (上海證券交易所);
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the committee of Supervisors;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for, inter alia, the Profit Distribution is set forth below:

With respect to the Profit Distribution:

Event	2024 (Hong Kong time)
Latest time for lodging transfer of H Shares for entitlement to attend and vote at the AGM	Friday, 31 May (4:30 p.m.)
Closure of the register of members of the Company for determining the identity of the H Shareholders who are entitled to attend and vote at the AGM	Monday, 3 June to Thursday, 6 June
Latest time to return proxy form for the AGM	Wednesday, 5 June (9:00 a.m.)
Date and time of the AGM	Thursday, 6 June (9:00 a.m.)
Publication of poll results announcement of the AGM	Thursday, 6 June
Last day of dealings in H Shares on a cum-entitlement basis relating to the Profit Distribution	Wednesday, 12 June
First day of dealings in H Shares on an ex-entitlement basis relating to the Profit Distribution	Thursday, 13 June
Latest time for lodging transfers of H Shares for registration in order to qualify for the Profit Distribution	Friday, 14 June (4:30 p.m.)

EXPECTED TIMETABLE

Event	2024 (Hong Kong time)
Closure of register of members of the Company for transfer of H Shares for determining entitlement to the Profit Distribution	Saturday, 15 June to Thursday, 20 June
Record Date to qualify H Shareholders for determination of entitlement to the Profit Distribution	Thursday, 20 June
Register of members for transfer of H Shares of the Company re-opens	Friday, 21 June
Profit Distribution payment date	Tuesday, 30 July ^(Note)

Note: The dates with regard to Profit Distribution are for reference only as they are subject to approval by the Shareholders and might be adjusted by the Company. If there is any such change, the Company will make announcement to inform the Shareholders. All times and dates in this circular are Hong Kong times and dates.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Qin (*Vice-chairman*)
Mr. Wang Shuhai
Mr. Tang Qi

Non-executive Directors:

Mr. Li Hang (*Chairman*)
Ms. Wang Xiaoling

Independent Non-executive Directors:

Mr. Wang Yunmin
Mr. Liew Fui Kiang
Ms. Zhao Feng

***Registered office and headquarters
in the PRC:***

No. 2503, Jingshi Road
Licheng District, Jinan
Shandong Province
The PRC

Principal place of business in Hong Kong:

Rooms 4003-06
China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

16 May 2024

To the Shareholders

1. 2023 WORK REPORT OF THE BOARD OF DIRECTORS
2. 2023 WORK REPORT OF THE SUPERVISORY COMMITTEE
3. 2023 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS
4. 2023 FINAL FINANCIAL REPORT
5. 2024 FINANCIAL BUDGET REPORT
6. 2023 ANNUAL REPORT AND ITS EXTRACTS
7. PROFIT DISTRIBUTION PROPOSAL FOR 2023
8. RESOLUTION REGARDING THE RE-APPOINTMENT OF AUDITOR FOR 2024
9. RESOLUTION REGARDING THE 2023 APPRAISAL REPORT ON INTERNAL CONTROL
10. RESOLUTION REGARDING THE 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) & SOCIAL RESPONSIBILITY REPORT
11. RESOLUTION REGARDING THE SPECIAL REPORT ON THE DEPOSIT AND ACTUAL USE OF PROCEEDS IN 2023
12. RESOLUTION REGARDING THE COMPANY'S GUARANTEE FACILITY FOR THE HONG KONG SUBSIDIARY FOR 2024
13. RESOLUTION REGARDING THE CONDUCTING OF FUTURES AND DERIVATIVES TRANSACTIONS IN 2024
14. RESOLUTION REGARDING THE CONDUCTING OF GOLD LEASING AND HEDGING PORTFOLIO BUSINESS IN 2024
15. RESOLUTION ON GENERAL MANDATE TO ISSUE H SHARES
16. NOTICE OF 2023 ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC at 9:00 a.m. on Thursday, 6 June 2024.

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM as follows:

1. 2023 WORK REPORT OF THE BOARD OF DIRECTORS

An ordinary resolution will be proposed at the AGM to approve the 2023 Work Report of the Board of Directors for the year ended 31 December 2023. The full text of the aforesaid report is set out in the Management Discussion and Analysis and the Report of the Directors in the Annual Report.

The 2023 Work Report of the Board of Directors for the year ended 31 December 2023 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

2. 2023 WORK REPORT OF THE SUPERVISORY COMMITTEE

An ordinary resolution will be proposed at the AGM to approve the 2023 Work Report of the Supervisory Committee for the year ended 31 December 2023. The full text of the Report of the Supervisory Committee is set out in the Annual Report.

The 2023 Work Report of the Supervisory Committee for the year ended 31 December 2023 was considered and approved by the Supervisory Committee on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

3. 2023 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

An ordinary resolution will be proposed at the AGM to approve the 2023 Work Report of the Independent Non-executive Directors for the year ended 31 December 2023. The full text of the aforesaid report is set out in **Appendix I** to this circular.

The 2023 Work Report of the Independent Non-executive Directors for the year ended 31 December 2023 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

4. 2023 FINAL FINANCIAL REPORT

An ordinary resolution will be proposed at the AGM to approve the 2023 Final Financial Report for the year ended 31 December 2023. The full text of the aforesaid report is set out in **Appendix II** to this circular.

The 2023 Final Financial Report for the year ended 31 December 2023 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

LETTER FROM THE BOARD

5. 2024 FINANCIAL BUDGET REPORT

An ordinary resolution will be proposed at the AGM to approve the 2024 Financial Budget Report. The full text of the aforesaid report is set out in **Appendix III** to this circular.

The 2024 Financial Budget Report was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

6. 2023 ANNUAL REPORT AND ITS EXTRACTS

An ordinary resolution will be proposed at the AGM to approve the Annual Report and its extracts for the year ended 31 December 2023. The Annual Report was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sdhjgf.com.cn>) and sent on 26 April 2024.

The Annual Report and its extracts were considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

7. PROFIT DISTRIBUTION PROPOSAL FOR 2023

An ordinary resolution will be proposed at the AGM to approve the proposed profit distribution proposal for the year ended 31 December 2023 in accordance with the Articles of Association.

ShineWing Certified Public Accountants (Special General Partnership) (“**ShineWing (Domestic)**”), after audits, confirmed that the net profit of the parent company of the Company in 2023 calculated under the Chinese Accounting Standards for Business Enterprises was RMB834,535,277.92. In accordance with the requirements of the Company Law and the Articles of Association, the profit of the parent company of the Company available for distribution to the Shareholders for the current year was RMB6,902,035,103.18 under the Chinese Accounting Standards, which was calculated by extracting 10% of the net profit into its statutory reserve fund of RMB83,453,527.79, plus the undistributed profit of RMB6,927,583,110.72 for the beginning of the current year and deducting the 2022 cash dividends of RMB313,140,066.75 and withdrawing the interest on perpetual bonds of RMB463,489,690.92 during the year.

Pursuant to a resolution passed at the Board meeting on 28 March 2024, the Board proposed the distribution of a final dividend of RMB1.4 per ten (10) Shares (tax inclusive) for the year ended 31 December 2023. As at 28 March 2024, being the date of the Board meeting, the Company had a total share capital of 4,473,429,525 Shares, and the proposed payment of cash dividend in the amount of RMB626,280,133.50 is calculated on such basis. The remaining undistributed profits are carried forward for the subsequent annual distribution.

LETTER FROM THE BOARD

The Company realized a net profit attributable to shareholders of the listed company of RMB2,327,750,542.04, including profit attributable to perpetual bonds holders of RMB463,489,690.92. After deducting the interest of perpetual bonds, the Company realized a net profit attributable to ordinary shareholders of the listed company in 2023 was RMB1,864,260,851.12. In 2023, the Company paid the cash dividend of RMB1.40 per 10 Shares (tax inclusive) to all Shareholders, with the cash dividend of RMB626,280,133.50, accounting for 33.59% of the net profit attributable to ordinary shareholders of the listed company in the then period.

The Company's undistributed profit of 2023 will be carried forward to the following year and will all be used in corporate operation and development. The use of undistributed profit is beneficial to implement the development strategies of the Company, and enhance the comprehensive competitiveness and sustainable profitability of the Company in the future.

The cash dividend will be paid on a pro-rata basis to Shareholders who hold ordinary Shares in odd lot (i.e. RMB0.14 per ordinary Share). The dividend will be denominated and declared in RMB, and distributed to the domestic Shareholders and investors participating in the Shanghai-Hong Kong Stock Connect Program in RMB and to the overseas Shareholders in Hong Kong dollar. The exchange rate for the dividend calculation in Hong Kong dollar is based on the middle rate as published by the PBOC on the date on which the AGM is held.

Taxation

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations (the “**EIT Law**”), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as Shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise Shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the H Shareholders' register of the Company should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to the Company's H share registrar, Tricor Investor Services Limited, in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知》) (the “**Notice**”) issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual H Shareholders whose names appear on the H Shareholders' register of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

LETTER FROM THE BOARD

Profit Distribution to Investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares listed on the SSE (the “**Northbound Trading**”), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the A Shareholders.

Profit Distribution to Investors of Southbound Trading

For investors of the SSE and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange (the “**Southbound Trading**”), the cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders. As for the relevant taxation policies, pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in the H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in the H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shareholders are suggested to consult their tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Shares.

The cheques for the Profit Distribution will be despatched by ordinary post to the H Shareholders who are entitled to the Profit Distribution at their own risk. In case of joint shareholding, the cheques for the Profit Distribution will be posted to the first named person on the H Shareholders’ register in respect of such joint shareholding. For the date of despatch of the cheques for the Profit Distribution, please refer to the section headed “Expected Timetable” of this circular.

LETTER FROM THE BOARD

Explanation of Profit Distribution

The Company will continue to attach importance to returns to investors, strictly follow the requirements of the Company Law, the Securities Law, the Articles of Association and other relevant laws and regulations, comprehensively consider various factors related to profit distribution, proactively implement the Company's profit distribution system and share the fruits of its development with investors.

The resolution regarding the 2023 Profit Distribution was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

8. RESOLUTION REGARDING THE RE-APPOINTMENT OF AUDITOR FOR 2024

In accordance with relevant provisions of the standards on governance of listed companies of the PRC, the Company proposed to re-appoint ShineWing (Domestic) as its auditor and internal control auditor for 2024 A Shares' financial report for a term of one year. In the meantime, according to the Hong Kong Stock Exchange and relevant requirements for listing in Hong Kong, the Company proposed to re-appoint SHINEWING (HK) CPA Limited as its audit service provider for 2024 H Shares' financial statements to conduct relevant audit service work for financial report under the International Accounting Standards for a term of one year. The audit service fees for 2023 financial report amounted to RMB4.8 million, including A-share financial report audit fee, H-share financial report audit fee and internal control special audit fee. For 2024, the audit fees will be dynamically adjusted based on changes in audit scope and audit business volume, with all fees (including all fees incurred by the personnel sent by the accounting firm to the Company in conducting the annual report audit) not expected to be higher than the audit fees in 2023.

The aforesaid resolution was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

9. RESOLUTION REGARDING THE 2023 APPRAISAL REPORT ON INTERNAL CONTROL

An ordinary resolution will be proposed at the AGM to approve the 2023 Appraisal Report on Internal Control. The full text of the aforesaid report is set out in **Appendix IV** to this circular.

The 2023 Appraisal Report on Internal Control was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

10. RESOLUTION REGARDING THE 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) & SOCIAL RESPONSIBILITY REPORT

An ordinary resolution will be proposed at the AGM to approve the 2023 Environmental, Social and Governance (ESG) & Social Responsibility Report. The aforesaid report was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sdhjgf.com.cn>) on 26 April 2024.

The 2023 Environmental, Social and Governance (ESG) & Social Responsibility Report was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

LETTER FROM THE BOARD

11. RESOLUTION REGARDING THE SPECIAL REPORT ON THE DEPOSIT AND ACTUAL USE OF PROCEEDS IN 2023

An ordinary resolution will be proposed at the AGM to approve the Special Report on the Deposit and Actual Use of Proceeds in 2023. The full text of the aforesaid report is set out in **Appendix V** to this circular.

The Special Report on the Deposit and Actual Use of Proceeds in 2023 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

12. RESOLUTION REGARDING THE COMPANY'S GUARANTEE FACILITY FOR THE HONG KONG SUBSIDIARY FOR 2024

In order to meet the Company's overseas wholly-owned subsidiary SDG Hong Kong's production and operation, project construction, overseas mergers and acquisitions and stock financing maturity replacement and other capital needs, effectively use the overseas capital market for financing, the Company plans to provide SDG Hong Kong with guarantee for the year 2024 with a total amount not exceeding US\$1.8 billion (including the guarantee amount in existence as of 28 March 2024) (the "Guarantee") to improve the efficiency of decision-making.

For details of the Guarantee, please refer to **Appendix VI** to this circular.

Implication under the Hong Kong Listing Rules

The Guarantee is not subject to reporting, announcement and independent Shareholders' approval requirements under the Hong Kong Listing Rules. According to the Shanghai Listing Rules and the Articles of Association, the Guarantee has to be submitted to the general meeting for consideration and approval. As the Guarantee to be provided by the Company is subject to Shareholders' approval under the Shanghai Listing Rules, the information regarding the Guarantee contained in this circular is not prepared in accordance with Chapter 14 or Chapter 14A of the Hong Kong Listing Rules but only prepared to provide information for the Shareholders. An ordinary resolution will be proposed at the AGM to seek for approval of the provision of Guarantee by the Company for SDG Hong Kong.

13. RESOLUTION REGARDING THE CONDUCTING OF FUTURES AND DERIVATIVES TRANSACTIONS IN 2024

An ordinary resolution will be proposed at the AGM to approve the resolution regarding the Company conducting futures and derivatives transactions in 2024. The full text of the above resolution is set out in **Appendix VII** to this circular.

The resolution regarding the Company conducting futures and derivatives transactions in 2024 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

LETTER FROM THE BOARD

14. RESOLUTION REGARDING THE CONDUCTING OF GOLD LEASING AND HEDGING PORTFOLIO BUSINESS IN 2024

An ordinary resolution will be proposed at the AGM to approve the resolution regarding the Company conducting gold leasing and hedging portfolio business in 2024. The full text of the above resolution is set out in **Appendix VIII** to this circular.

The resolution regarding the Company conducting gold leasing and gold hedging portfolio business in 2024 was considered and approved by the Board on 28 March 2024 and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the AGM.

15. RESOLUTION ON GENERAL MANDATE TO ISSUE H SHARES

To ensure flexibility and discretion to the Board to issue new Shares when it becomes desirable, the Company proposes to grant the General Mandate to the Board to allot, issue and otherwise deal with additional H Shares up to the limit of 20% of the aggregate nominal values of the H Shares in issue on the date of passing such resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 3,614,443,347 A Shares and 858,986,178 H Shares. Subject to the approval of the grant of the General Mandate and on the basis that no further Shares are issued before the AGM, the Board will have the power to issue up to 171,797,235 H Shares.

The General Mandate shall be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of a period of 12 months following the passing of such resolution; or (iii) the revocation or variation of the authority given under this resolution by passing of a special resolution of the Company in a general meeting.

Any exercise of the power by the Board under the General Mandate shall comply with the relevant requirements of the Hong Kong Listing Rules, the Articles of Association and the applicable laws and regulations of the PRC. The Board has no concrete plans to issue new Shares pursuant to the General Mandate at present.

The resolution was considered and approved by the Board on 28 March 2024 and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the AGM.

16. THE AGM

The AGM is to be held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC at 9:00 a.m. on Thursday, 6 June 2024. The notice of the AGM is set out on pages 16 to 20 of this circular.

LETTER FROM THE BOARD

Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder. If you intend to appoint a proxy to attend the AGM and vote on your behalf, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it, by hand, by post or by facsimile, to the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders only) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be) (i.e. before 9:00 a.m. on Wednesday, 5 June 2024). Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 6 June 2024, the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the AGM, investors should lodge all share transfer documents accompanied by the relevant share certificates with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, 31 May 2024. For determining the entitlement to the proposed Profit Distribution, the register of members of the Company will be closed from Saturday, 15 June 2024 to Thursday, 20 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed Profit Distribution, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Friday, 14 June 2024.

17. GENERAL

The English translation of the appendices to this circular are for Shareholders' reference only. In case there is any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

18. VOTING BY POLL

Pursuant to the Hong Kong Listing Rules, each of the resolutions set out in the notice of AGM will be voted on by poll. Results of the poll voting will be published on the Company's website at <http://www.sdhjgf.com.cn> and the website of the Hong Kong Stock Exchange at www.hkexnews.hk after the AGM.

19. RECOMMENDATIONS

The Board considers that the proposed resolutions set out in the notice of AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolutions.

LETTER FROM THE BOARD

20. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

NOTICE OF 2023 ANNUAL GENERAL MEETING



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)

NOTICE OF 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 Annual General Meeting (the “**AGM**”) of Shandong Gold Mining Co., Ltd. (the “**Company**”) will be held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan, Shandong Province, the PRC at 9:00 a.m. on Thursday, 6 June 2024 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To approve the 2023 Work Report of the Board of Directors (the “**Board**”)
2. To approve the 2023 Work Report of the Supervisory Committee
3. To approve the 2023 Work Report of the Independent Non-executive Directors
4. To approve the 2023 Final Financial Report
5. To approve the 2024 Financial Budget Report
6. To approve the 2023 Annual Report and its extracts
7. To approve the profit distribution proposal for 2023
8. To approve the resolution regarding the re-appointment of auditor for 2024
9. To approve the resolution regarding the 2023 Appraisal Report on Internal Control
10. To approve the resolution regarding the 2023 Environmental, Social and Governance (ESG) & Social Responsibility Report
11. To approve the resolution regarding the special report on the deposit and actual use of proceeds in 2023
12. To approve the resolution regarding the Company’s guarantee facility for the Hong Kong subsidiary for 2024

NOTICE OF 2023 ANNUAL GENERAL MEETING

13. To approve the resolution regarding the conducting of futures and derivatives transactions in 2024
14. To approve the resolution regarding the conducting of gold leasing and hedging portfolio business in 2024

SPECIAL RESOLUTION

15. To approve the resolution on general mandate to issue H shares

“THAT:

- (a) The Board be and is hereby authorized to issue separately or concurrently, and decide to issue, allot and deal with H shares (the “**H Shares**”) and the terms and conditions of issuance in accordance with market conditions during the authorization period:
 - (i) the class and number of shares to be issued;
 - (ii) the pricing methods and/or the issue price (including the price range) of shares;
 - (iii) the commencement and end date of such issue;
 - (iv) the class and number of shares to be issued to existing shareholders; and/or
 - (v) to make any proposals, enter into any agreements or grant any share options which might require the exercise of such powers.
- (b) The total number of H Shares separately or concurrently, issued, allotted and dealt with by the Board (whether or not by way of the share options or by any other means) in accordance with the mandate mentioned as sub-paragraph (a) above shall not exceed 20% of the number of the H Shares of the Company in issue as at the date of this resolution being approved by the 2023 annual general meeting.
- (c) During the Relevant Period (as defined in subparagraph (d) below), the Board may make proposals, enter into any agreements or grant any share options which require or may require the exercise of the power mentioned above, after the expiry of the Relevant Period.
- (d) For the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution on the 2023 annual general meeting until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the 12-month period from the date of the passing of this resolution on the general meeting;

NOTICE OF 2023 ANNUAL GENERAL MEETING

- (iii) the date on which the mandate set out in this resolution is revoked or varied by a special resolution of the Company in a general meeting.
- (e) The Board be and is hereby authorized to increase the registered share capital accordingly and make such amendments to the Articles of Association as it thinks fit so as to reflect new capital structure and registered share capital in accordance to the manner of the allotment and issuance, class and number of shares of the Company allotted and issued, as well as the actual situation of the capital structure of the Company after such allotment and issuance.
- (f) In order to facilitate the General Mandate to issue H Shares in accordance with the aforesaid provisions in a timely manner, the Board be and is hereby approved and authorized, subject to the passing of the aforesaid matters as contained in sub-paragraphs (a) to (e) at the general meeting and within the Relevant Period, for:
 - (i) depending on the actual market conditions, the Board is authorized to determine the method of issuance, the target for issuance as well as the amount and proportion of each target for issuance, pricing method and/or issue price (including price range), the commencement and end time, the listing time, use of proceeds and other information;
 - (ii) engaging necessary professional agencies and signing relevant agreements or contracts;
 - (iii) signing the underwriting agreement, sponsor's agreement, listing agreement and other documents as considered necessary for executing the General Mandate to issue H Shares on behalf of the Company;
 - (iv) handling the issues on registration of change in registered share capital and equity registration on a timely basis according to the method, type and number of the shares issued and the actual situation of the capital structure of the Company upon completion of such issuance;
 - (v) applying for approval, registration, filing and other procedures in connection with the issuance and listing of such shares from the relevant competent authorities on behalf of the Company;
 - (vi) determining and paying the relevant listing fee and application fee;
 - (vii) amending the Articles of Association accordingly and arranging necessary registration and filing procedures on a timely basis according to the method, type and number of the shares issued and the actual situation of the capital structure of the Company upon completion of such issuance;

NOTICE OF 2023 ANNUAL GENERAL MEETING

- (viii) all other procedures and matters as the Board may consider necessary in connection with the issuance of shares, so long as the same does not contravene any applicable laws, rules, regulations or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association.
- (g) The Board of the Company will only exercise its respective power under such mandate in accordance with the Company Law of the PRC, the Securities Law of the PRC, and the regulatory rules on which the shares of the Company are listed (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and other relevant government authorities are obtained and the Board will only exercise its power under such mandate in accordance within the scope of power granted by the shareholders to the Board at the annual general meeting.”

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

Jinan, the PRC, 16 May 2024

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

NOTICE OF 2023 ANNUAL GENERAL MEETING

Notes:

1. All holders of H Shares whose names appear on the register of members of the Company on Monday, 3 June 2024 are entitled to attend the AGM and should bring along their identity cards or passports when attending the AGM. Holders of the Company's H Shares should note that the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024 (both dates inclusive) during which period no transfers of H Shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 31 May 2024. The record date and arrangements in respect of the holders of A Shares of the Company who are entitled to attend the AGM will be determined and announced separately in the PRC.
2. Any shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or more proxies (who need not be a shareholder of the Company) to attend the AGM and vote thereat in his stead. For any shareholder who appoints more than one proxy, the voting right can only be exercised by his/her proxies on a poll.
3. Any shareholder who intends to appoint a proxy to attend the AGM shall put it in writing, with the proxy form to be signed by the appointor or his attorney duly authorized in writing. If the appointor is a corporation, the proxy form must be affixed with its common seal, or signed by any of its directors or attorney duly authorized in writing. If the proxy form is signed by an attorney authorized by the appointor, the power of attorney or other authorization documents must be notarially certified. The notarially certified power of attorney or other authorization documents together with the proxy form must be delivered by hand, by post or by facsimile to the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders only) not later than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be) (i.e. before 9:00 a.m. on Wednesday, 5 June 2024). Completion and return of the proxy form will not affect the rights of the shareholders to attend and vote at the AGM in person.
4. Proxies of holders of the Company's H Shares shall bring along the proxy form, instrument(s) for appointing a proxy (if applicable) and the proxies' identity cards or passports to attend the AGM.
5. According to Article 108 of the Articles of Association, an ordinary resolution shall be passed by more than half of the votes cast by the shareholders (including proxies) present at the general meeting, while a special resolution shall be passed by more than two-thirds of the votes cast by the shareholders (including proxies) present at the general meeting.
6. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant personnel employed by the Company will attend the AGM.

2023 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS (Independent Director: Wang Yunmin)

Dear Directors,

As the Independent Directors of Shandong Gold Mining Co., Ltd. (the “**Company**” or “**Shandong Gold**”), in strict compliance with relevant laws and regulations such as the Company Law, the Securities Law, the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the rules and requirements of the Company including the Articles of Association and the Working Rules for Independent Non-executive Directors of the Company, I have professionally performed the duties of Independent Directors with integrity and diligence in an attitude of being responsible to all shareholders, paid attention to the Company’s development in a comprehensive, timely and in-depth manner, carefully reviewed various proposals of the Board and expressed independent opinions on major matters in 2023, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of minority shareholders. I hereby present my work report for 2023 as follows:

I. BASIC INFORMATION OF THE INDEPENDENT DIRECTOR

I am mainly engaged in mining-related work and have accumulated rich experience in the mining field. My work history, professional background and employment details are summarized as follows:

Wang Yunmin (王運敏), male, Han nationality, born in October 1955. He is a holder of a bachelor’s degree in mining engineering, an academician of the Chinese Academy of Engineering and a professorate senior engineer. He once served as a scientific researcher of the open pit mining research office (露天採礦研究室) of Maanshan General Institute of Mining Research Co., Ltd. under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), a deputy project leader of the open pit mining research office (露天採礦研究室) of Maanshan General Institute of Mining Research Co., Ltd. under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an assistant to the director of the Research and Technology Administration Office (科研管理處) of Maanshan General Institute of Mining Research Co., Ltd. under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an assistant to the dean and director of the Research and Technology Administration Office (科研管理處) of Maanshan General Institute of Mining Research Co., Ltd. under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an associate dean of Maanshan General Institute of Mining Research Co., Ltd. under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), the dean and the secretary to CPC Committee of Sinosteel Maanshan Institute of Mining Research Co., Ltd. (中鋼集團馬鞍山礦山研究院有限公司). He currently serves as the director and chief scientist of the Science and Technology Innovation Committee of the Sinosteel Group Corporation Limited (中國中鋼集團有限公司), the director of the State Key Laboratory of Metal Mine Safety and Health (金屬礦山安全與健康國家重點實驗室) and an Independent Director of Shandong Gold (listed as A+H shares). He has successively won a series of awards such as the research on steep slope mining technology in large open-pit mines, the research on steep slope railway transportation system of large deep concave open-pit mines issued by the State Council, the key technology of smooth transition from open pit to underground mining and open pit geotechnical engineering control technology for disaster issued by Anhui Provincial People’s Government. He also published four academic monographs and edited two professional manuals.

I meet the requirements of relevant laws and regulations regarding the independence of Independent Directors, with no circumstances present that could affect such independence.

II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY THE INDEPENDENT DIRECTORS FOR THE YEAR**(1) Attendance at general meetings, Board meetings, and specialized committee meetings of the Board**

In 2023, the Company held a total of 21 Board meetings, all of which I attended in person, and the attendance rate and the voting rate of the resolutions were both 100%. The Company held 11 general meetings, of which I attended 10. As an Independent Director, I carefully reviewed the meeting materials provided by the Company, actively participated in the discussion of various resolutions, put forward reasonable opinions and suggestions, and exercised my voting rights independently and objectively. During the reporting period, the convening and holding of the Board and the general meeting of the Company were in compliance with the legal procedures. I voted in favor of all the resolutions of the Board, did not vote against or abstain from voting, and did not raise any objection to the resolutions of the general meetings.

I serve as the chairman of the Nomination Committee of the sixth session of the Board of the Company and a member of the Strategy Committee, the Audit Committee and the Remuneration and Appraisal Committee of the Company. In 2023, I attended 2 meetings of the Strategy Committee, 9 meetings of the Audit Committee, 2 meetings of the Nomination Committee and 2 meetings of the Remuneration and Appraisal Committee of the Board. I was able to actively organize the meetings of the Nomination Committee of the Board and participate in the work of the specialized committee in accordance with the Rules of Procedure for Meetings of the Board of Directors and the terms of reference of each specialized committee. In 2023, I was not absent from the relevant meetings and did not raise objections or abstain from voting on various issues of the specialized committee. The Independent Directors and each specialized committee played an effective role in corporate governance and major decision-making, providing professional advice and consultation for the scientific decision-making of the Board of Directors, safeguarding the overall interests of the Company and all shareholders.

(2) Communication with internal audit institutions and auditors

During the reporting period, I engaged in multiple communications with the Company's audit and legal department and the auditor responsible for auditing the annual report. These interactions allowed me to timely understand the Company's financial status, the development of its various operations, and risk prevention measures. Throughout these exchanges, I promptly offered constructive feedback and suggestions, facilitating the effective operation of the Company's internal control mechanisms.

(3) Communication with minority shareholders

During the reporting period, I, from the perspective of an Independent Director, addressed the concerns of minority shareholders by participating in general meetings and performance briefing sessions. I listened to their opinions and suggestions regarding the Company's management and operations and relayed this feedback to the Company, thereby genuinely safeguarding the legal rights and interests of both the Company and its minority shareholders.

(4) On-site inspection and the Company's cooperation in the work

I am committed to fulfilling my responsibilities as an Independent Director diligently, maintaining close communication and exchange with the Company's Chairman, other Directors, Supervisors, and senior management, and staying informed about the Company's daily production, operations, and management, as well as the implementation of resolutions of the Board of Directors and the general meeting. With my extensive practical experience in the mining industry, I am able to fully leverage my professional knowledge and work experience to actively participate in the deliberation of the Company's major projects, offering specialized advice on the initiation, review, and construction phases of significant projects. In 2023, I was involved in the review of the feasibility report for the proposed merger and acquisition of the Xiling Gold Mine Exploration Right, where I provided rational suggestions from a mining professional perspective. Moreover, based on the actual progress of the Company's key projects, I conducted on-site visits to understand the project's progress.

During the reporting period, the Company kept me well-informed about its production and operation and the progress of major events according to the communication mechanism for external Directors, provided special explanations on important matters that I care about, carefully listened to the professional opinions I put forward and studied the implementation thereof, which provided complete conditions and support for the better performance of duties by me.

III. KEY CONCERNS IN THEIR PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS IN THE YEAR**(1) Related party transactions that should be disclosed**

In strict accordance with the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, 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. 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》), the Articles of Association and the Management System for Related Party Transactions, I conducted prior review and expressed independent opinions on the necessity, fairness of pricing, compliance of approval procedures and other aspects of related party transactions during the reporting period.

During the reporting period, the Board of the Company considered and approved seven resolutions on related party transactions, including the Resolution of the Company on Adjusting the Caps of Daily Related Party Transactions for 2023, the Report on Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd. by the Company, the Resolution on the Purchase of Assets by the Wholly-owned Subsidiary SDG Heavy Industry Co., Ltd., the Resolution on Delisting of the Assets Package of the Qigouyifen Mine of Shandong Jinchuang Co., Ltd. and Signing of the Transaction Documents, the Resolution on the Wholly-owned Subsidiary Taking Over the Listed Assets and Corresponding Liabilities of Jinchuang and the Mining Rights Holders, the Resolution on the Acquisition of Mineral Rights and Other Assets in Yanshan Mine Area of Shandong Gold Jinchuang Group Co., Ltd. and the Entering into of Relevant Transfer Contract, and the Resolution Regarding Signing of Integrated Service Framework Agreement and Confirmation of the Caps for Daily Related Party Transactions of the Company in 2024-2026. All interested Directors had abstained from voting, and all matters within the authority scope of the general meeting had been considered and approved by the general meeting. The related party transactions and decision-making procedures of the Company are in compliance with the relevant regulations. The related party transactions are determined based on the business characteristics and normal operation and development needs of the Company, and are priced at a reasonable and fair price, without prejudice to the interests of the Company and its shareholders as a whole. I agree to all related party transactions considered by the Company in 2023.

(2) Disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports

I actively communicated with the external accountants engaged by the Company on the audit arrangement plan and key concerns of the Company, carefully understood the financial accounting work of the Company, and reviewed the annual report for 2022, the first quarter report, the semi-annual report and the third quarter report for 2023 prepared by the Company. The regular reports disclosed by the Company objectively and fairly reflected the operation of the Company. During the reporting period, the Company disclosed the announcement of profit forecast for 2022, the announcement of profit forecast for the first quarter of 2023, the announcement of profit forecast for the half year and the announcement of profit forecast for the first three quarters. Upon verification, there is no difference between the above results forecast issued by the Company and the results disclosed in the regular report, which is in compliance with the relevant rules of information disclosure.

During the reporting period, the Company continued to improve its internal control system in strict accordance with regulatory requirements, which provided assurance for the lawfulness and compliance of its operation and management, assets security, truthfulness and completeness of financial reports and related information, improved operation efficiency and performance and facilitated the fulfillment of its development strategies. In this regard, ShineWing Certified Public Accountants (Special General Partnership) issued the Internal Control Audit Report to the Company. I am of the view that the Internal Control Audit Report truly and objectively reflects the actual situation of the construction and operation of the Company's internal control system. The Company has established a set of relatively sound and perfect internal control management system. The Company's internal control system conforms to the laws and regulations and the relevant provisions of the Articles of Association, adapts to the actual needs of the Company's current production and operation, and can be effectively implemented.

(3) Appointment and dismissal of auditors engaged in auditing of listed companies

The Company held the 36th meeting of the sixth session of the Board and the 20th meeting of the sixth session of the Supervisory Committee on 29 March 2023. The Resolution Regarding the Appointment of Auditor for 2023 of the Company was considered and approved at the 2022 annual general meeting held on 7 June to re-appoint ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited as the Company's 2023 A-share and H-share financial audit institutions respectively.

I am of the view that ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited have relevant qualifications, can meet the Company's domestic and international financial audit and internal control audit work requirements, and can adhere to the principles of independence, objectivity and fairness, abide by the auditing standards of certified public accountants, and perform audit duties diligently and conscientiously. The review procedures performed by the Board are in compliance with the relevant laws and regulations and the Articles of Association. The financial audit fees determined are fair and reasonable, with no harm to the interests of the Company and its minority shareholders.

(4) Remuneration of senior management

The allowance for Independent Directors of the sixth session of the Board of the Company is RMB300,000 per year (before tax). Except for Independent Directors, other Directors and Supervisors receive remuneration according to their management positions in the controlling shareholder Shandong Gold Group Co., Ltd. or the Company, and no additional remuneration is paid to them by the Company. The Company held a Board meeting on 29 March 2023, at which the Resolution on the Company's 2022 Senior Management Remuneration Payment and the Resolution on the Company's 2023 Senior Management Remuneration Plan were considered and approved. I am of the view that the Company's 2022 senior management remuneration payment is determined in accordance with the Company's current remuneration system, the performance of the senior management, the Company's actual operating performance, and target performance appraisal. The remuneration payment procedure complies with relevant laws and regulations and the Company's Articles of Association, rules and regulations, etc. The formulation and implementation procedures of the Company's senior management's 2023 remuneration plan are in line with relevant laws and regulations and the provisions of the Articles of Association, with no harm to the interests of the Company and its minority shareholders.

(5) External guarantee and funds appropriation

In accordance with the Guidelines for the Supervision and Administration of Listed Companies No. 8 – Supervision Requirements for Capital Transactions and External Guarantees of Listed Companies, as well as the relevant provisions of the Articles of Association and the Decision-making System for External Guarantees of the Company, I have verified the external guarantees and capital occupation of the Company. During the reporting period, the Board of the Company considered and approved two resolutions regarding guarantees, i.e. the Resolution regarding the Company's Guarantee Facility for the Hong Kong Subsidiary for 2023 and the Resolution on Providing Guarantees for Hong Kong Subsidiary's Financing. As of 31 December 2023, the contract guarantees provided by the Company to Shandong Gold Mining (Hong Kong) Co., Limited, a wholly-owned subsidiary, for its foreign facilities amounted to USD1,322.63 million, and the balance of loans was USD1,178 million (equivalent to RMB8,343.42 million). The above guarantees are all guarantees provided by the Company to its wholly-owned subsidiaries.

The Company is able to strictly comply with the Articles of Association and relevant laws and regulations. The guarantees provided by the Company are within the limit approved at the general meeting, which is conducive to satisfying the working capital requirements of Shandong Gold Mining (Hong Kong) Co., Limited, and is in the interests of the Company as a whole, and will not damage the interests of the Company and shareholders. In 2023, the Company did not have any illegal guarantee or misappropriation of non-operating funds by controlling shareholders.

(6) Use of proceeds

The Resolution of the Company on Returning Raised Funds and Continuing to Use Idle Raised Funds to Temporarily Supplement Working Capital was considered and approved at the 52nd meeting of the sixth session of the Board held on 12 December 2023. It was agreed that the Company could use no more than RMB550 million of the raised funds to temporarily supplement working capital, which is only used for production and operation related to the main business, with a usage period not exceeding 12 months. I am of the view that the use of RMB550 million of idle raised funds for a period not exceeding 12 months will help improve the efficiency of the use of raised funds, reduce the Company's financial expenses, and is beneficial to maximizing the interests of the Company's shareholders. The use of idle raised funds to temporarily replenish working capital does not conflict with the investment projects for which the funds were raised, and does not affect the normal progression of the Company's funded investment projects. The Company's raised funds are planned to be used for its main business, with no instances of disguised change in the direction of raised funds and damage to the interests of shareholders.

The net proceeds (net of transaction costs) from issuance of H Shares by the Company in 2018 amounted to RMB4,619 million. As of 27 October 2023, the Company had used approximately USD653 million to repay the loans for the acquisition of Veladero Mine in Argentina and pay listing expenses in an amount of RMB95 million, with remaining RMB17.7 million unused. The Company has decided to allocate the entire remaining amount to supplement working capital.

I am of the view that the Company used the idle proceeds to temporarily supplement working capital and promised the use period and return on time. All the matters involving the deposit and use of proceeds have performed necessary decision-making procedures and fulfilled the obligation of information disclosure in a timely manner. There are no circumstances that would change or result in a disguised change in the proposed use of proceeds and prejudice the interests of Shareholders, and there is no non-compliance in the deposit or use of proceeds.

(7) Cash dividend and other returns to investors

In accordance with the relevant provisions of the securities regulatory authority on cash dividend and the requirements on profit distribution in the Articles of Association, the Company has carefully formulated profit distribution proposal and strictly implemented the decision-making procedures for cash dividend.

On 25 February 2023 and 7 March 2023, the Company held the 35th meeting of the sixth session of the Board, the 2023 second extraordinary general meeting, the 2023 first A share and H share class meetings, respectively, at which the Resolution on Formulation of Shareholders' Return Plan for the Next Three Years (2023-2025) of the Company was considered and approved; On 30 March 2023 and 8 June 2023, the 36th meeting of the sixth session of Board and the 2022 annual general meeting were held successively, at which the Profit Distribution Proposal for 2022 of the Company was considered and approved. I have expressed my agreement with the profit distribution proposal and was of the view that the Company will vigorously promote resource mergers and acquisitions, project construction, business expansion, and further increase investment in safety and environmental protection. The Profit Distribution Proposal for 2022 of the Company has been formulated after fully considering Company's current capital requirements, future development investments, financial position, profitability and shareholders' investment returns, reflecting the Company's full emphasis on the reasonable investment returns to investors and taking into account the Company's actual operation and sustainable development, without prejudice to the interests of the Company and shareholders as a whole. It complied with the Company Law and other laws, regulations and regulatory documents.

The Company adopted cash dividend payment method for its 2022 profit distribution, with a cash dividend of RMB0.07 (tax included) per share, and completed the dividend payment in July 2023.

(8) Performance of undertakings of the Company and its Shareholders

The Company discloses the performance of undertakings by Shandong Gold Group Co., Ltd., the controlling Shareholder, and related parties in its annual report and interim report each year. We are not aware of any violation of the undertakings by the controlling Shareholder and related parties during the reporting period.

(9) Execution of information disclosures

During the reporting period, the Company faithfully fulfilled the obligation of information disclosure in strict accordance with the requirements of laws and regulations such as the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理办法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the Articles of Association. The Company fulfilled its information disclosure obligations in a true, accurate, complete, timely and fair manner, and protected the rights of shareholders, creditors and other stakeholders to obtain information of the Company fairly. The Company has been rated Grade A by the Shanghai Stock Exchange for information disclosure for six consecutive years.

(10) Operation of the Board and its specialized committees

The Board functioned in an orderly manner in strict accordance with the relevant laws and regulations and requirements of regulatory authorities, and all aspects of the Board meetings including the convening, consideration and voting of resolutions, meeting minutes and approval of resolutions were conducted in an orderly manner in compliance with relevant laws and regulations.

The Board has established the Strategy Committee, the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee, all of which have considered matters in their respective scopes and functioned in a standardized manner during the reporting period.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

In 2023, I diligently performed my duties, carefully reviewed each resolution of the Board of Directors and the specialized committees of the Board of Directors based on the principles of objectivity, impartiality, and independence, continued to pay attention to the Company's production and operation, non-public issuance, major acquisitions and other matters, and made use of our own professional advantages to independently, objectively and prudently express independent opinions, effectively safeguarding the overall interests of the Company and the legitimate rights and interests of all shareholders.

In 2024, I will continue to actively perform my duties as an Independent Director, give full play to my professional advantages and the role of Independent Director, safeguard the legitimate rights and interests of all shareholders, especially the minority shareholders, further promote the Company's standardized operation and sustainable development, continuously enhance the ability to perform duties, give full play to our professional expertise and management experience, provide a strong guarantee for the scientific decision-making of the Board, so as to contribute to the high-quality development of the Company.

**2023 WORK REPORT OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS
(Independent Director: Liew Fui Kiang)**

Dear Directors,

As the Independent Directors of Shandong Gold Mining Co., Ltd. (the “**Company**” or “**Shandong Gold**”), in strict compliance with relevant laws and regulations such as the Company Law, the Securities Law, the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the rules and requirements of the Company including the Articles of Association and the Working Rules for Independent Non-executive Directors of the Company, I have professionally performed the duties of Independent Directors with integrity and diligence in an attitude of being responsible to all shareholders, paid attention to the Company’s development in a comprehensive, timely and in-depth manner, carefully reviewed various proposals of the Board and expressed independent opinions on major matters in 2023, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of minority shareholders. I hereby present my work report for 2023 as follows:

I. BASIC INFORMATION OF THE INDEPENDENT DIRECTORS

I am mainly engaged in business management and legal related work and have accumulated rich experience in the field of corporate governance. My work history, professional background and employment details are summarized as follows:

Liew Fui Kiang (劉懷鏡), male, Han nationality, born in August 1966. He is a holder of a master’s degree in Business Administration and a bachelor’s degree in Laws. He has extensive experience as a director of listed companies as well as legal expertise and work experience. He is a solicitor in Hong Kong, China as well as England and Wales, and a fellow of the Hong Kong Institute of Directors. He served as the Chairman of PacRay International Holdings Limited, and an independent director of Baoshan Iron & Steel Company Limited. He currently serves as an independent director of Zhongchang International Holdings Group Limited (listed in Hong Kong), Zhengye International Holdings Company Limited (listed in Hong Kong), Zhaoke Ophthalmology Limited (listed in Hong Kong) and China Apex Group Limited (listed in Hong Kong), an Independent Director of Shandong Gold (listed in both Shanghai and Hong Kong as A+H shares) and an external supervisor of China Ping An Insurance Group Co., Ltd (listed in both Shanghai and Hong Kong as A+H shares).

I meet the requirements of relevant laws and regulations regarding the independence of Independent Directors, with no circumstances present that could affect such independence.

II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY THE INDEPENDENT DIRECTORS FOR THE YEAR**(1) Attendance at general meetings, Board meetings, and specialized committee meetings of the Board**

In 2023, the Company held a total of 21 Board meetings, all of which I attended in person, and the attendance rate and the voting rate of the resolutions were both 100%. The Company held 11 general meetings, of which I attended 1. As an Independent Director, I have carefully reviewed all the resolutions and exercised my voting rights in a prudent and independent manner. During the reporting period, the convening and holding of the Board and the general meeting of the Company were in compliance with the legal procedures. I voted in favor of all the resolutions of the Board, did not vote against or abstain from voting, and did not raise any objection to the resolutions of the general meetings.

I serve as the chairman of the Remuneration and Appraisal Committee of the sixth session of the Board of the Company and a member of the Strategy Committee, the Nomination Committee and the Audit Committee of the Company. In 2023, I attended 2 meetings of the Strategy Committee, 9 meetings of the Audit Committee, 2 meetings of the Nomination Committee and 2 meetings of the Remuneration and Appraisal Committee of the Board. I was able to actively organize and participate in the work of the specialized committee in accordance with the Rules of Procedure for Meetings of the Board of Directors and the terms of reference of each specialized committee. I was not absent from the relevant meetings and did not raise objections or abstain from voting on various issues of the specialized committee. The Independent Directors and each specialized committee played an effective role in corporate governance and major decision-making, and played a positive role in promoting the scientific decision-making of the Board of Directors, safeguarding the overall interests of the Company and all shareholders.

(2) Communication with internal audit institutions, auditors and minority shareholders

During the reporting period, I engaged in communications with the Company's audit and legal department and the auditor responsible for auditing the annual report from time to time. These interactions allowed me to timely understand the development of the Company's various operations, and risk prevention measures. During the annual report audit period, I listened to presentations from the annual report auditor regarding the financial and internal control audit plans and engaged in thorough communication and exchange on key audit matters, audit points and other related issues. Regarding the latest legal and regulatory developments in Hong Kong, I communicated promptly with the Company to ensure that all its operations comply with the rules of the Hong Kong Stock Exchange.

(3) Communication with minority shareholders

During the reporting period, I listened to the opinions and suggestions of minority shareholders on the Company's operation and management by attending the general meetings of the Company. In the course of daily work, I pay attention to the relevant media reports and investors' concerns about the Company in a timely manner, and give feedback to the Company, so as to effectively safeguard the interests of all shareholders, especially minority shareholders.

(4) On-site inspection and the Company's cooperation in the work

I am committed to fulfilling my responsibilities as an Independent Director diligently, maintaining close communication and exchange with the Company's Chairman, other Directors, Supervisors, and senior management, and staying informed about the Company's daily production, operations, and management, as well as the implementation of resolutions of the Board of Directors and the general meeting. I have accumulated rich experience in corporate governance and compliance operation, including understanding the relevant rules of the Hong Kong Stock Exchange and giving advice on compliance matters involving H shares of the Company. From time to time, I go to the Company's subsidiaries in Hong Kong to investigate, communicate with relevant managers about the operation of the Company's overseas assets, and put forward opinions or suggestions.

During the reporting period, the Company kept me well-informed about its production and operation and the progress of major events according to the communication mechanism for external Directors, provided special explanations on important matters that I care about, carefully listened to the professional opinions I put forward and studied the implementation thereof, which provided complete conditions and support for the better performance of duties by me.

III. KEY CONCERNS IN THEIR PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS IN THE YEAR**(1) Related party transactions that should be disclosed**

In strict accordance with the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, 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. 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》), the Articles of Association and the Management System for Related Party Transactions, I conducted prior review and expressed independent opinions on the necessity, fairness of pricing, compliance of approval procedures and other aspects of related party transactions during the reporting period.

During the reporting period, the Board of the Company considered and approved seven resolutions on related party transactions, including the Resolution of the Company on Adjusting the Caps of Daily Related Party Transactions for 2023, the Report on Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd. by the Company, the Resolution on the Purchase of Assets by the Wholly-owned Subsidiary SDG Heavy Industry Co., Ltd., the Resolution on Delisting of the Assets Package of the Qigouyifen Mine of Shandong Jinchuang Co., Ltd. and Signing of the Transaction Documents, the Resolution on the Wholly-owned Subsidiary Taking Over the Listed Assets and Corresponding Liabilities of Jinchuang and the Mining Rights Holders, the Resolution on the Acquisition of Mineral Rights and Other Assets in Yanshan Mine Area of Shandong Gold Jinchuang Group Co., Ltd. and the Entering into of Relevant Transfer Contract, and the Resolution Regarding Signing of Integrated Service Framework Agreement and Confirmation of the Caps for Daily Related Party Transactions of the Company in 2024-2026. All interested Directors had abstained from voting, and all matters within the authority scope of the general meeting had been considered and approved by the general meeting. The related party transactions and decision-making procedures of the Company are in compliance with the relevant regulations. The related party transactions are determined based on the business characteristics and normal operation and development needs of the Company, and are priced at a reasonable and fair price, without prejudice to the interests of the Company and its shareholders as a whole. I agree to all related party transactions considered by the Company in 2023.

(2) Disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports

I communicated with the external accountants engaged by the Company on the audit arrangement plan and key concerns of the Company, carefully understood the financial accounting work of the Company, and reviewed the annual report for 2022, the first quarter report, the semi-annual report and the third quarter report for 2023 prepared by the Company. The regular reports disclosed by the Company objectively and fairly reflected the operation of the Company. During the reporting period, the Company disclosed the announcement of profit forecast for 2022, the announcement of profit forecast for the first quarter of 2023, the announcement of profit forecast for the half year and the announcement of profit forecast for the first three quarters. Upon verification, there is no difference between the above results forecast issued by the Company and the results disclosed in the regular report, which is in compliance with the relevant rules of information disclosure.

During the reporting period, the Company continued to improve its internal control system in strict accordance with regulatory requirements, which provided assurance for the lawfulness and compliance of its operation and management, assets security, truthfulness and completeness of financial reports and related information, improved operation efficiency and performance and facilitated the fulfillment of its development strategies. In this regard, ShineWing Certified Public Accountants (Special General Partnership) issued the Internal Control Audit Report to the Company. I am of the view that the Internal Control Audit Report truly and objectively reflects the actual situation of the construction and operation of the Company's internal control system. The Company has established a set of relatively sound and perfect internal control management system. The Company's internal control system conforms to the laws and regulations and the relevant provisions of the Articles of Association, adapts to the actual needs of the Company's current production and operation, and can be effectively implemented.

(3) Appointment and dismissal of auditors engaged in auditing of listed companies

The Company held the 36th meeting of the sixth session of the Board and the 20th meeting of the sixth session of the Supervisory Committee on 29 March 2023. The Resolution Regarding the Appointment of Auditor for 2023 of the Company was considered and approved at the 2022 annual general meeting held on 7 June to re-appoint ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited as the Company's 2023 A-share and H-share financial audit institutions respectively.

I am of the view that ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited have relevant qualifications, can meet the Company's domestic and international financial audit and internal control audit work requirements, and can adhere to the principles of independence, objectivity and fairness, abide by the auditing standards of certified public accountants, and perform audit duties diligently and conscientiously. The review procedures performed by the Board are in compliance with the relevant laws and regulations and the Articles of Association. The financial audit fees determined are fair and reasonable, with no harm to the interests of the Company and its minority shareholders.

(4) Remuneration of senior management

The allowance for Independent Directors of the sixth session of the Board of the Company is RMB300,000 per year (before tax). Except for Independent Directors, other Directors and Supervisors receive remuneration according to their management positions in the controlling shareholder Shandong Gold Group Co., Ltd. or the Company, and no additional remuneration is paid to them by the Company. The Company held a Board meeting on 29 March 2023, at which the Resolution on the Company's 2022 Senior Management Remuneration Payment and the Resolution on the Company's 2023 Senior Management Remuneration Plan were considered and approved. I am of the view that the Company's 2022 senior management remuneration payment is determined in accordance with the Company's current remuneration system, the performance of the senior management, the Company's actual operating performance, and target performance appraisal. The remuneration payment procedure complies with relevant laws and regulations and the Articles of Association, rules and regulations, etc. The formulation and implementation procedures of the Company's senior management's 2023 remuneration plan are in line with relevant laws and regulations and the provisions of the Articles of Association, with no harm to the interests of the Company and its shareholders.

(5) External guarantee and funds appropriation

In accordance with the Guidelines for the Supervision and Administration of Listed Companies No. 8 – Supervision Requirements for Capital Transactions and External Guarantees of Listed Companies, as well as the relevant provisions of the Articles of Association and the Decision-making System for External Guarantees of the Company, I have verified the external guarantees and capital occupation of the Company. During the reporting period, the Board of the Company considered and approved two resolutions regarding guarantees, i.e. the Resolution regarding the Company’s Guarantee Facility for the Hong Kong Subsidiary for 2023 and the Resolution on Providing Guarantees for Hong Kong Subsidiary’s Financing. As of 31 December 2023, the contract guarantees provided by the Company to Shandong Gold Mining (Hong Kong) Co., Limited, a wholly-owned subsidiary, for its foreign facilities amounted to USD1,322.63 million, and the balance of loans was USD1,178 million (equivalent to RMB8,343.42 million). The above guarantees are all guarantees provided by the Company to its wholly-owned subsidiaries.

The Company is able to strictly comply with the Articles of Association and relevant laws and regulations. The guarantees provided by the Company are within the limit approved at the general meeting, which is conducive to satisfying the working capital requirements of Shandong Gold Mining (Hong Kong) Co., Limited, and is in the interests of the Company as a whole, and will not damage the interests of the Company and shareholders. In 2023, the Company did not have any illegal guarantee or misappropriation of non-operating funds by controlling shareholders.

(6) Use of proceeds

The Resolution of the Company on Returning Raised Funds and Continuing to Use Idle Raised Funds to Temporarily Supplement Working Capital was considered and approved at the 52nd meeting of the sixth session of the Board held on 12 December 2023. It was agreed that the Company could use no more than RMB550 million of the raised funds to temporarily supplement working capital, which is only used for production and operation related to the main business, with a usage period not exceeding 12 months. I am of the view that the use of RMB550 million of idle raised funds for a period not exceeding 12 months will help improve the efficiency of the use of raised funds, reduce the Company’s financial expenses, and is beneficial to maximizing the interests of the Company’s shareholders. The use of idle raised funds to temporarily replenish working capital does not conflict with the investment projects for which the funds were raised, and does not affect the normal progression of Company’s funded investment projects. The Company’s raised funds are planned to be used for its main business, with no instances of disguised change in the direction of raised funds and damage to the interests of shareholders.

The net proceeds (net of transaction costs) from issuance of H Shares by the Company in 2018 amounted to RMB4,619 million. As of 27 October 2023, the Company had used approximately USD653 million to repay the loans for the acquisition of Veladero Mine in Argentina and pay listing expenses in an amount of RMB95 million, with remaining RMB17.7 million unused. The Company has decided to allocate the entire remaining amount to supplement working capital.

I am of the view that the Company used the idle proceeds to temporarily supplement working capital and promised the use period and return on time. All the matters involving the deposit and use of proceeds have performed necessary decision-making procedures and fulfilled the obligation of information disclosure in a timely manner. There are no circumstances that would change or result in a disguised change in the proposed use of proceeds and prejudice the interests of Shareholders, and there is no non-compliance in the deposit or use of proceeds.

(7) Cash dividend and other returns to investors

In accordance with the relevant provisions of the securities regulatory authority on cash dividend and the requirements on profit distribution in the Articles of Association, the Company has carefully formulated profit distribution proposal and strictly implemented the decision-making procedures for cash dividend.

On 25 February 2023 and 7 March 2023, the Company held the 35th meeting of the sixth session of the Board, the 2023 second extraordinary general meeting, the 2023 first A share and H share class meetings, respectively, at which the Resolution on Formulation of Shareholders' Return Plan for the Next Three Years (2023-2025) of the Company was considered and approved; On 30 March 2023 and 8 June 2023, the 36th meeting of the sixth session of Board and the 2022 annual general meeting were held successively, at which the Profit Distribution Proposal for 2022 of the Company was considered and approved. I have expressed my agreement with the profit distribution proposal and was of the view that the Company will vigorously promote resource mergers and acquisitions, project construction, business expansion, and further increase investment in safety and environmental protection. The Profit Distribution Proposal for 2022 of the Company has been formulated after fully considering Company's current capital requirements, future development investments, financial position, profitability and shareholders' investment returns, reflecting the Company's full emphasis on the reasonable investment returns to investors and taking into account the Company's actual operation and sustainable development, without prejudice to the interests of the Company and shareholders as a whole. It complied with the Company Law and other laws, regulations and regulatory documents.

The Company adopted cash dividend payment method for its 2022 profit distribution, with a cash dividend of RMB0.07 (tax included) per share, and completed the dividend payment in July 2023.

(8) Performance of undertakings of the Company and its Shareholders

The Company discloses the performance of undertakings by Shandong Gold Group Co., Ltd., the controlling Shareholder and de facto controller, and related parties in its annual report and interim report each year. We are not aware of any violation of the undertakings by the controlling Shareholder and related parties during the reporting period.

(9) Execution of information disclosures

During the reporting period, the Company faithfully fulfilled the obligation of information disclosure in strict accordance with the requirements of laws and regulations such as the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理办法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the Articles of Association. The Company fulfilled its information disclosure obligations in a true, accurate, complete, timely and fair manner, and protected the rights of shareholders, creditors and other stakeholders to obtain information of the Company fairly. The Company has been rated Grade A by the Shanghai Stock Exchange for information disclosure for six consecutive years.

(10) Operation of the Board and its specialized committees

The Board functioned in an orderly manner in strict accordance with the relevant laws and regulations and requirements of regulatory authorities, and all aspects of the Board meetings including the convening, consideration and voting of resolutions, meeting minutes and approval of resolutions were conducted in an orderly manner in compliance with relevant laws and regulations.

The Board has established the Strategy Committee, the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee, all of which have considered matters in their respective scopes and functioned in a standardized manner during the reporting period.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

In 2023, I diligently performed my duties, carefully reviewed each resolution of the Board of Directors and various specialized committees based on the principles of objectivity, impartiality, and independence, expressed independent opinions on the basis of objectivity and impartiality, and exercised voting rights in a prudent and responsible manner. The Company took the initiative to gain an in-depth understanding of the Company's operation and put forward suggestions on corporate governance and major business decisions, which ensured the standardized operation and healthy development of the Company and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders.

In 2024, I will continue to actively perform my duties as an Independent Director, give full play to my professional advantages and the role of Independent Director, promote the improvement and optimization of corporate governance, better safeguard the legitimate rights and interests of all shareholders, especially the minority shareholders, so as to contribute to the high-quality development of the Company.

**2023 WORK REPORT OF THE
INDEPENDENT NON-EXECUTIVE DIRECTORS
(Independent Director: Zhao Feng)**

Dear Directors,

As the Independent Directors of Shandong Gold Mining Co., Ltd. (the “**Company**” or “**Shandong Gold**”), in strict compliance with relevant laws and regulations such as the Company Law, the Securities Law, the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidelines No. 1 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the rules and requirements of the Company including the Articles of Association and the Working Rules for Independent Non-executive Directors of the Company, I have professionally performed the duties of Independent Directors with integrity and diligence in an attitude of being responsible to all shareholders, paid attention to the Company’s development in a comprehensive, timely and in-depth manner, carefully reviewed various proposals of the Board and expressed independent opinions on major matters in 2023, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of minority shareholders. I hereby present my work report for 2023 as follows:

I. BASIC INFORMATION OF THE INDEPENDENT DIRECTORS

I am mainly engaged in finance-related work and have accumulated rich experience in financial management, company management and other fields. My work history, professional background and employment details are summarized as follows:

Zhao Feng (趙峰), female, Han nationality, born in February 1969. She is a holder of a bachelor’s degree in Economics, a PRC certified public accountant and a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Association of Chartered Certified Accountants (ACCA), and has extensive experience in company management and financial management. She served as an auditor of Arthur Anderson Hua Qiang Certified Public Accountants (安達信華強會計師事務所), the chief financial officer of East Asiatic Company (PRC), the chief financial officer of U.S. Apple Inc. (PRC), the chief financial officer and the general manager of Infront Sports & Media (PRC) and an independent director of Shenzhen Weiye Decoration Group Co., Ltd. She is currently an Independent Director of Shandong Gold (listed as A+H shares), and an independent director of China Longyuan Power Group Corporation Limited (listed as A+H shares), Xiamen International Bank Co. Ltd and the external director of China International Marine Containers (Group) Co., Ltd. (listed as A+H shares).

I meet the requirements of relevant laws and regulations regarding the independence of Independent Directors, with no circumstances present that could affect such independence.

II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY THE INDEPENDENT DIRECTORS FOR THE YEAR**(1) Attendance at general meetings, Board meetings, and specialized committee meetings of the Board**

In 2023, the Company held a total of 21 Board meetings, all of which I attended in person, and the attendance rate and the voting rate of the resolutions were both 100%. The Company held 11 general meetings, of which I attended 11. As an Independent Director, I carefully considered the resolutions, thoroughly understood the relevant information of the resolutions through on-site inspection, study of materials and multi-party communication, and fully expressed my independent opinions based on my own independent judgment. During the reporting period, the convening and holding of the Board and the general meeting of the Company were in compliance with the legal procedures. I voted in favor of all the resolutions of the Board, did not vote against or abstain from voting, and did not raise any objection to the resolutions of the general meetings.

I serve as the chairman of the Audit Committee of the sixth session of the Board of the Company and a member of the Nomination Committee, the Remuneration and Appraisal Committee of the Company. In 2023, I attended 9 meetings of the Audit Committee, 2 meetings of the Nomination Committee and 2 meetings of the Remuneration and Appraisal Committee of the Board. As the chairman of the Audit Committee, I was able to actively organize the meetings of the Audit Committee of the Board and participate in the work of the specialized committee in accordance with the Rules of Procedure for Meetings of the Board of Directors and the terms of reference of each specialized committee. In 2023, I was not absent from the relevant meetings and did not raise objections or abstain from voting on various issues of the specialized committee. The Independent Directors and each specialized committee played an effective role in corporate governance and major decision-making, providing opinions and suggestions for the scientific decision-making and legal operation of the Board of Directors of the Company, safeguarding the overall interests of the Company and all shareholders.

(2) Communication with internal audit institutions and auditors

During the reporting period, I actively engaged in communications with the Company's audit and legal department and the auditor responsible for auditing the annual report. These interactions allowed me to timely understand the Company's financial status. Leveraging my expertise in financial management, I discussed and exchanged views with the internal audit team and the auditor on the arrangement of audit work, key audit matters, important audit procedures, main timelines, and focus areas during the annual review period. This facilitated effective supervision over the quality and fairness of the external audit.

(3) Communication with minority shareholders

During the reporting period, I listened to the opinions and suggestions of minority shareholders by participating in general meetings and performance briefing sessions. In the course of daily work, I pay close attention to investors' evaluation of the Company, timely verify the concerns of minority shareholders, and earnestly safeguard the interests of all shareholders, especially minority shareholders.

(4) On-site inspection and the Company's cooperation in the work

I can earnestly perform my duties as an independent director, frequently communicate with the Directors, supervisors and senior management of the Company, and keep abreast of the daily production, operation and management of the Company, the progress of major issues, and the implementation of the resolutions of the Board and the general meeting. I have accumulated rich practical experience in company management and financial management. In the course of daily work, I have actively participated in the demonstration of major investment matters of the Company, and expressed opinions and suggestions on investment matters from the financial point of view, giving full play to the role of guidance and supervision. In the process of preparing the periodic report, I understand the Company's financial situation from the financial personnel in a timely manner, so as to make an objective and fair judgment on the periodic report.

During the reporting period, the Company kept me well-informed about its production and operation and the progress of major events according to the communication mechanism for external directors, provided special explanations on important matters that I care about, carefully listened to the professional opinions I put forward and studied the implementation thereof, which provided complete conditions and support for the better performance of duties by me.

III. KEY CONCERNS IN THEIR PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS IN THE YEAR**(1) Related party transactions that should be disclosed**

In strict accordance with the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, 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. 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》), the Articles of Association and the Management System for Related Party Transactions, I conducted prior review and expressed independent opinions on the necessity, fairness of pricing, compliance of approval procedures and other aspects of related party transactions during the reporting period.

During the reporting period, the Board of the Company considered and approved seven resolutions on related party transactions, including the Resolution of the Company on Adjusting the Caps of Daily Related Party Transactions for 2023, the Report on Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd. by the Company, the Resolution on the Purchase of Assets by the Wholly-owned Subsidiary SDG Heavy Industry Co., Ltd., the Resolution on Delisting of the Assets Package of the Qigouyifen Mine of Shandong Jinchuang Co., Ltd. and Signing of the Transaction Documents, the Resolution on the Wholly-owned Subsidiary Taking Over the Listed Assets and Corresponding Liabilities of Jinchuang and the Mining Rights Holders, the Resolution on the Acquisition of Mineral Rights and Other Assets in Yanshan Mine Area of Shandong Gold Jinchuang Group Co., Ltd. and the Entering into of Relevant Transfer Contract, and the Resolution Regarding Signing of Integrated Service Framework Agreement and Confirmation of the Caps for Daily Related Party Transactions of the Company in 2024-2026. All interested Directors had abstained from voting, and all matters within the authority scope of the general meeting had been considered and approved by the general meeting. The related party transactions and decision-making procedures of the Company are in compliance with the relevant regulations. The related party transactions are determined based on the business characteristics and normal operation and development needs of the Company, and are priced at a reasonable and fair price, without prejudice to the interests of the Company and its shareholders as a whole. I agree to all related party transactions considered by the Company in 2023.

(2) Disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports

I actively communicated with the external accountants engaged by the Company on the audit arrangement plan and key concerns of the Company, carefully understood the financial accounting work of the Company, and reviewed the annual report for 2022, the first quarter report, the semi-annual report and the third quarter report for 2023 prepared by the Company. The regular reports disclosed by the Company objectively and fairly reflected the operation of the Company. During the reporting period, the Company disclosed the announcement of profit forecast for 2022, the announcement of profit forecast for the first quarter of 2023, the announcement of profit forecast for the half year and the announcement of profit forecast for the first three quarters. Upon verification, there is no difference between the above results forecast issued by the Company and the results disclosed in the regular report, which is in compliance with the relevant rules of information disclosure.

During the reporting period, the Company continued to improve its internal control system in strict accordance with regulatory requirements, which provided assurance for the lawfulness and compliance of its operation and management, assets security, truthfulness and completeness of financial reports and related information, improved operation efficiency and performance and facilitated the fulfillment of its development strategies. In this regard, ShineWing Certified Public Accountants (Special General Partnership) issued the Internal Control Audit Report to the Company. I am of the view that the Internal Control Audit Report truly and objectively reflects the actual situation of the construction and operation of the Company's internal control system. The Company has established a set of relatively sound and perfect internal control management system. The Company's internal control system conforms to the laws and regulations and the relevant provisions of the Articles of Association, adapts to the actual needs of the Company's current production and operation, and can be effectively implemented.

(3) Appointment and dismissal of auditors engaged in auditing of listed companies

The Company held the 36th meeting of the sixth session of the Board and the 20th meeting of the sixth session of the Supervisory Committee on 29 March 2023. The Resolution Regarding the Appointment of Auditor for 2023 of the Company was considered and approved at the 2022 annual general meeting held on 7 June to re-appoint ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited as the Company's 2023 A-share and H-share financial audit institutions respectively.

I am of the view that ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited have relevant qualifications, can meet the Company's domestic and international financial audit and internal control audit work requirements, and can adhere to the principles of independence, objectivity and fairness, abide by the auditing standards of certified public accountants, and perform audit duties diligently and conscientiously. The review procedures performed by the Board are in compliance with the relevant laws and regulations and the Articles of Association. The financial audit fees determined are fair and reasonable, with no harm to the interests of the Company and its minority shareholders.

(4) Remuneration of Directors and senior management

The allowance for Independent Directors of the sixth session of the Board of the Company is RMB300,000 per year (before tax). Except for Independent Directors, other Directors and Supervisors receive remuneration according to their management positions in the controlling shareholder Shandong Gold Group Co., Ltd. or the Company, and no additional remuneration is paid to them by the Company. The Company held a Board meeting on 29 March 2023, at which the Resolution on the Company's 2022 Senior Management Remuneration Payment and the Resolution on the Company's 2023 Senior Management Remuneration Plan were considered and approved. I am of the view that the Company's 2022 senior management remuneration payment is determined in accordance with the Company's current remuneration system, the performance of the senior management, the Company's actual operating performance, and target performance appraisal. The remuneration payment procedure complies with relevant laws and regulations and the Articles of Association, rules and regulations, etc.. The formulation and implementation procedures of the Company's senior management's 2023 remuneration plan are in line with relevant laws and regulations and the provisions of the Articles of Association, with no harm to the interests of the Company and its shareholders.

(5) External guarantee and funds appropriation

In accordance with the Guidelines for the Supervision and Administration of Listed Companies No. 8 – Supervision Requirements for Capital Transactions and External Guarantees of Listed Companies, as well as the relevant provisions of the Articles of Association and the Decision-making System for External Guarantees of the Company, I have verified the external guarantees and capital occupation of the Company. During the reporting period, the Board of the Company considered and approved two resolutions regarding guarantees, i.e. the Resolution regarding the Company’s Guarantee Facility for the Hong Kong Subsidiary for 2023 and the Resolution on Providing Guarantees for Hong Kong Subsidiary’s Financing. As of 31 December 2023, the contract guarantees provided by the Company to Shandong Gold Mining (Hong Kong) Co., Limited, a wholly-owned subsidiary, for its foreign facilities amounted to USD1,322.63 million, and the balance of loans was USD1,178 million (equivalent to RMB8,343.42 million). The above guarantees are all guarantees provided by the Company to its wholly-owned subsidiaries.

The Company is able to strictly comply with the Articles of Association and relevant laws and regulations. The guarantees provided by the Company are within the limit approved at the general meeting, which is conducive to satisfying the working capital requirements of Shandong Gold Mining (Hong Kong) Co., Limited, and is in the interests of the Company as a whole, and will not damage the interests of the Company and shareholders. In 2023, the Company did not have any illegal guarantee or misappropriation of non-operating funds by controlling shareholders.

(6) Use of proceeds

The Resolution of the Company on Returning Raised Funds and Continuing to Use Idle Raised Funds to Temporarily Supplement Working Capital was considered and approved at the 52nd meeting of the sixth session of the Board held on 12 December 2023. It was agreed that the Company could use no more than RMB550 million of the raised funds to temporarily supplement working capital, which is only used for production and operation related to the main business, with a usage period not exceeding 12 months. I am of the view that the use of RMB550 million of idle raised funds for a period not exceeding 12 months will help improve the efficiency of the use of raised funds, reduce the Company’s financial expenses, and is beneficial to maximizing the interests of the Company’s shareholders. The use of idle raised funds to temporarily replenish working capital does not conflict with the investment projects for which the funds were raised, and does not affect the normal progression of the Company’s funded investment projects. The Company’s raised funds are planned to be used for its main business, with no instances of disguised change in the direction of raised funds and damage to the interests of shareholders.

The net proceeds (net of transaction costs) from issuance of H Shares by the Company in 2018 amounted to RMB4,619 million. As of 27 October 2023, the Company had used approximately USD653 million to repay the loans for the acquisition of Veladero Mine in Argentina and pay listing expenses in an amount of RMB95 million, with remaining RMB17.7 million unused. The Company has decided to allocate the entire remaining amount to supplement working capital.

I am of the view that the Company used the idle proceeds to temporarily supplement working capital and promised the use period and return on time. All the matters involving the deposit and use of proceeds have performed necessary decision-making procedures and fulfilled the obligation of information disclosure in a timely manner. There are no circumstances that would change or result in a disguised change in the proposed use of proceeds and prejudice the interests of Shareholders, and there is no non-compliance in the deposit or use of proceeds.

(7) Cash dividend and other returns to investors

In accordance with the relevant provisions of the securities regulatory authority on cash dividend and the requirements on profit distribution in the Articles of Association, the Company has carefully formulated profit distribution proposal and strictly implemented the decision-making procedures for cash dividend.

On 25 February 2023 and 7 March 2023, the Company held the 35th meeting of the sixth session of the Board, the 2023 second extraordinary general meeting, the 2023 first A share and H share class meetings, respectively, at which the Resolution on Formulation of Shareholders' Return Plan for the Next Three Years (2023-2025) of the Company was considered and approved; On 30 March 2023 and 8 June 2023, the 36th meeting of the sixth session of Board and the 2022 annual general meeting were held successively, at which the Profit Distribution Proposal for 2022 of the Company was considered and approved. I have expressed my agreement with the profit distribution proposal and was of the view that the Company will vigorously promote resource mergers and acquisitions, project construction, business expansion, and further increase investment in safety and environmental protection. The Profit Distribution Proposal for 2022 of the Company has been formulated after fully considering Company's current capital requirements, future development investments, financial position, profitability and shareholders' investment returns, reflecting the Company's full emphasis on the reasonable investment returns to investors and taking into account the Company's actual operation and sustainable development, without prejudice to the interests of the Company and shareholders as a whole. It complied with the Company Law and other laws, regulations and regulatory documents.

The Company adopted cash dividend payment method for its 2022 profit distribution, with a cash dividend of RMB0.07 (tax included) per share, and completed the dividend payment in July 2023.

(8) Performance of undertakings of the Company and its Shareholders

The Company discloses the performance of undertakings by Shandong Gold Group Co., Ltd., the controlling Shareholder and de facto controller, and related parties in its annual report and interim report each year. We are not aware of any violation of the undertakings by the controlling Shareholder and related parties during the reporting period.

(9) Execution of information disclosures

During the reporting period, the Company faithfully fulfilled the obligation of information disclosure in strict accordance with the requirements of laws and regulations such as the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理办法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the Articles of Association. The Company fulfilled its information disclosure obligations in a true, accurate, complete, timely and fair manner, and protected the rights of shareholders, creditors and other stakeholders to obtain information of the Company fairly. The Company has been rated Grade A by the Shanghai Stock Exchange for information disclosure for six consecutive years.

(10) Operation of the Board and its specialized committees

The Board functioned in an orderly manner in strict accordance with the relevant laws and regulations and requirements of regulatory authorities, and all aspects of the Board meetings including the convening, consideration and voting of resolutions, meeting minutes and approval of resolutions were conducted in an orderly manner in compliance with relevant laws and regulations.

The Board has established the Strategy Committee, the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee, all of which have considered matters in their respective scopes and functioned in a standardized manner during the reporting period.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

In 2023, I performed my duties diligently and dutifully, actively participated in the general meeting, the Board and the specialized committees of the Board of the Company, carefully reviewed the relevant resolutions and expressed the consent opinions. I continued to communicate with the financial personnel, auditors and the annual audit accounting firm of the Company to understand the financial and internal control status of the Company in a timely manner. I also actively participated in the demonstration of major merger and acquisition projects of the Company, maximized the advantages of professional knowledge and work experience, put forward reasonable opinions and suggestions, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders.

In 2024, I will continue to actively perform my duties as an Independent Director on the basis of my work in 2023, give full play to the role of Independent Director, and safeguard the interests of all shareholders, especially minority shareholders. I will give full play to my professional expertise in financial management, make suggestions for the Company's financial management, major mergers and acquisitions and other related work, and contribute to the Company's high-quality development.

2023 FINAL FINANCIAL REPORT

(Acting officer in charge of the accounting affairs: Teng Hongmeng)

Dear Shareholders and Shareholders' representatives,

The financial report of the Company for 2023 has been audited by ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited with a standard unqualified audit report issued thereon. According to the audited data, the Company has prepared the 2023 final financial report. Details of the report are provided as follows:

I. IMPLEMENTATION OF ACCOUNTING POLICIES

1. Chinese Accounting Standards

The Company's A-Share financial statements are prepared on a going-concern basis, based on actual transactions and events that have occurred and in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance (promulgated by Ministry of Finance Order No. 33 and revised by Ministry of Finance Order No. 76), 42 specific accounting standards issued and revised by the Ministry of Finance on and after 15 February 2006, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other related requirements (the “**Accounting Standards for Business Enterprises**”).

In addition, the Company also disclosed relevant financial information in accordance with the Information Disclosure and Compilation Rules for Companies Offering Securities to the Public No. 15 – General Provisions for Financial Reports (2014 Revision).

Pursuant to relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting shall be prepared based on the accrual basis. Except for certain financial instruments that are measured at fair value, these financial statements adopt the historical cost method as the measurement basis. If an asset is impaired, the corresponding impairment provision shall be made in accordance with relevant requirements.

2. International Accounting Standards

The Company's H-Share financial statements are prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the consolidated financial statements should include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared in accordance with the conventional method of historical cost, and have been adjusted by the revaluation of financial assets and financial liabilities at fair value through profit or loss and at fair value through other comprehensive income (both stated at fair value).

II. KEY OPERATING INDICATORS AND FINANCIAL CONDITION (THE FOLLOWING FIGURES ARE EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE CHINESE ACCOUNTING STANDARDS)

(I) Production indicators

The annual gold production was 41.78 tons in 2023, representing a year-on-year increase of 3.10 tons or 8.03%.

(II) Operating revenue

In 2023, the Company recorded a revenue of RMB59.275 billion, representing a year-on-year increase of RMB8.970 billion or 17.83%, due to the following:

1. Due to the increase in the sales volume of gold, revenue increased by RMB2.109 billion, of which: the increase in the sales volume of self-produced gold of 0.90 tons year-on-year, resulting in an increase in our operating revenue of RMB353 million; the increase in the sales volume of purchased gold of 3.43 tons year-on-year, resulting in an increase in our operating revenue of RMB1.359 billion; the increase in the sales volume of small gold bars of 1.12 tons year-on-year, resulting in an increase in our operating revenue of RMB396 million.
2. Due to the increase in the gold price, operating revenue increased by RMB7.127 billion, of which: the increase in the sales price of self-produced gold of RMB58.79/g year-on-year, resulting in an increase in our operating revenue of RMB2.330 billion; the increase in the sales price of purchased gold of RMB56.12/g year-on-year, resulting in an increase in our operating revenue of RMB3.131 billion; the increase in the price of small gold bars of RMB52.90/g year-on-year, resulting in an increase of our operating revenue by RMB1.667 billion.

(III) Total profit

In 2023, the Company recorded a total profit of RMB3.563 billion, representing a year-on-year increase of RMB1.557 billion or 77.59%, mainly due to the following:

1. the contribution of our self-produced gold business to an increase in our profit of RMB2.158 billion. In particular, the sales price of self-produced gold increased by RMB58.79/g year-on-year, resulting in an increase in our total profit of RMB2,330 million; the sales volume of self-produced gold increased by 0.90 ton year-on-year, resulting in an increase in our total profit of RMB153 million; the unit sales cost increased by RMB8.18/g year-on-year, resulting in a decrease in our total profit of RMB324 million.
2. the contribution of the smelting of our purchased gold to an increase in our profit of RMB162 million.

3. the contribution of our small gold bar business to an increase in our profit of RMB62 million.
4. profit from other businesses and other associated metals increased by RMB363 million.
5. our taxes and surcharges increased year-on-year, resulting in a decrease in our total profit of RMB314 million.
6. our selling costs decreased year-on-year, resulting in an increase in our total profit of RMB29 million.
7. administrative expenses increased year-on-year, resulting in a decrease in our total profits of RMB190 million.
8. our R&D expenses increased year-on-year, resulting in a decrease in our total profit of RMB88 million.
9. our finance costs increased year-on-year, resulting in a decrease in our total profit of RMB516 million.
10. the contribution of the changes in fair value, investment income and other income to a decrease in our profit of RMB203 million. The decrease was mainly due to the gold futures and forward losses of the subsidiary.
11. the contribution of the credit and assets impairment losses, gains on disposal of assets and net non-operating income and expenses to an increase in our profit of RMB94 million.

(IV) Profitability

In 2023, the net profit attributable to owners of the parent company amounted to RMB2.328 billion, representing a year-on-year increase of RMB1.080 billion or 86.57%.

As at the end of 2023, the equity attributable to owners of the parent company amounted to RMB33.085 billion, representing an increase of RMB195 million or 0.59% as compared to the beginning of the period.

In 2023, the weighted average return on net assets was 7.84%, representing a year-on-year increase of 3.96 percentage points.

In 2023, the basic earnings per share were RMB0.42 per share, representing a year-on-year increase of RMB0.22 per share.

(V) Financial condition of the Company**1. Assets**

As at the end of 2023, the Company's total assets amounted to RMB134.599 billion, representing an increase of RMB43.811 billion or 48.26% compared with the beginning of the period.

2. Liabilities

As at the end of 2023, the Company's total liabilities amounted to RMB81.340 billion, representing an increase of RMB27.261 billion or 50.41% compared with the beginning of the period, with a gearing ratio of 60.43%, representing an increase of 0.86 percentage point compared with the beginning of the period.

3. Owners' equity

As at the end of 2023, the owners' equity amounted to RMB53.259 billion, representing an increase of RMB16.549 billion or 45.08% compared with the beginning of the period. In particular, the equity attributable to owners of the parent company amounted to RMB33.085 billion, representing an increase of RMB195 million or 0.59% compared with the beginning of the period.

(VI) Cash flow

1. In 2023, the Company realized a net cash flow from operating activities of RMB6.849 billion. Cash from sales of goods and provision of services constituted the most important source of cash inflow to the Company in the current period, which is enough to satisfy the needs of our operating activities. The procurement and sale business resulted in a year-on-year increase in net cash flow from operating activities of RMB2.491 billion or 26.26%.
2. Net cash outflow from investment activities was RMB20.624 billion, representing a year-on-year increase of RMB15.373 billion, mainly due to the increase of RMB10.063 billion in cash paid by subsidiaries and the increase of RMB4.967 billion in cash paid for the purchase of fixed assets, intangible assets and other long-term assets in the current period.
3. Net cash flow from financing activities was RMB14.438 billion, representing a year-on-year increase of RMB8.976 billion, mainly due to the increase in cash inflow from borrowings during the period.

III. DIFFERENCES BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AND THOSE PREPARED IN ACCORDANCE WITH THE RELEVANT GENERALLY ACCEPTED ACCOUNTING STANDARDS IN CHINA

There are differences between financial statements prepared in accordance with the International Financial Reporting Standards and those prepared in accordance with the relevant generally accepted accounting standards in China, which are shown as follows:

Unit: RMB

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the listed company	
	<i>Current period</i>	<i>Previous period</i>	<i>At the end of the period</i>	<i>At the beginning of the period</i>
	Prepared in accordance with the Chinese Accounting Standards	2,327,750,542.04	1,247,651,976.43	33,084,950,645.55
Items and amounts adjusted in accordance with the International Accounting Standards:				
Difference in goodwill upon initial recognition	<u>-60,367,315.60</u>	<u>-54,499,970.11</u>	<u>-6,019,273.77</u>	<u>54,348,041.83</u>
Prepared in accordance with the International Accounting Standards	<u>2,267,383,226.44</u>	<u>1,193,152,006.32</u>	<u>33,078,931,371.78</u>	<u>32,944,603,376.91</u>

The reasons for the difference are explained as follows: under the Chinese Accounting Standards, the difference between the cost of the Company's acquisition of a subsidiary and the fair value of the identifiable net assets of the acquiree obtained in the merger is treated as an asset and recognized as goodwill and is initially measured at cost and presented separately in the consolidated financial statements. Goodwill is tested for impairment at the end of each year and is measured at cost less accumulated impairment provisions.

However, when the Company prepares its financial statements for disclosure on the Hong Kong Stock Exchange in accordance with the International Financial Reporting Standards, goodwill is distributed to the value of the relevant assets in accordance with the value distribution report of the acquired assets, resulting in differences in the amounts of depreciation and amortization of the relevant assets each year, hence the difference.

2024 FINANCIAL BUDGET REPORT

(Acting officer in charge of the accounting affairs: Teng Hongmeng)

Dear Shareholders and Shareholders' representatives,

In 2024, the Company will focus on the “14th Five-Year Plan” development strategy, striving to create a new situation of healthy, sustainable and high-quality development of the Company round the annual goal of “Empowering Digital and Intelligent, and Improving in Both Quality and Efficiency”. Through comprehensive measures and efforts, careful organization and scientific formulation, the Company has completed the preparation of the financial budget for 2024. The relevant information is described as follows:

I. BASIS ON WHICH THE FINANCIAL BUDGET FOR 2024 IS PREPARED

(1) Principles and grounds for preparation of the financial budget

The financial budget is prepared in the direction of strategic planning and based on our production and operation management. In line with our production, operation, investment, capital and other plans for 2024, the Company will, in the principle of focusing both quality and efficiency, leverage the process management role of financial budget to ensure the achievement of strategic objectives.

(2) Scope of the financial budget

All the enterprises which are consolidated into the financial statements for 2023 are included in the scope of the budget. The budget will be adjusted when appropriate in case of any additional or exits from any existing investment projects during 2024.

II. MAJOR BUDGET INDICATORS

(1) Budget for production indicators

It is estimated that gold production will be 47 tons in 2024 (the plan is formulated based on the prevailing economic situation, market conditions and our own operation, and may be subject to adjustments when appropriate by the Company depending on future developments).

(2) Investment budget

The total investment budget of the Company for 2024 is RMB13.95 billion, including RMB3.45 billion in construction projects, RMB8.18 billion in intangible assets, and RMB2.32 billion in long-term equity investment.

(3) Financing budget

As at the end of 2023, the balance of external debt financing of the Company was RMB51.90 billion, while the capital need for investment in 2024 is RMB13.95 billion. It is estimated that, after deducting the self-owned fund of RMB7.05 billion and a balance of long-term financing of RMB23.21 billion, there is a need for fund of approximately RMB35.59 billion to be raised from external sources given the repayment of facilities when mature.

III. EXPLANATION ON MATTERS WHICH WOULD HAVE AN INFLUENCE ON THE BUDGET INDICATORS

Apart from the risks of fluctuations in gold price, resource reserve and proving situation of mining enterprises of the Company, the safety and environmental risks of mines, the increase in the difficulty of deep mining and the progress of the consolidation of mineral rights resources may have an impact on the budget indicators. Meanwhile, the profitability of the Company's financial enterprises is affected by the macro environment, which will also bring uncertainties to the budget.

IV. MEASURES TO SAFEGUARD IMPLEMENTATION OF THE FINANCIAL BUDGET

The Company will closely focus on the annual goal of “Empowering Digital and Intelligent, and Improving in Both Quality and Efficiency” in 2024, and accelerate its efforts in shaping a new advantage in development under the guidance of digitalization and intelligence. The Company will also make every effort for production continuity and expansion of key mining areas, and continue to optimize mining methods to ensure stable and increased production; strengthen organization management on production, continue to optimize the “five-ratios” of mines. The Company will expand the space for improving quality and efficiency through technological innovation, process optimization, process re-engineering, asset revitalization and creation of benefits with policies. While focusing on input-output efficiency, the Company will pay attention to the incremental cash flow and investment return level of investment projects to ensure the safety and profitability of investment projects. The Company will adhere to industrial synergy, carry out gold trading, industrial chain finance and other businesses in an orderly manner, aiming to strictly control risks and improve business quality. Under the outline of “controlling scale and preventing risks”, the Company will reasonably plan the scale of financing, effectively improve the level of capital management, minimize the cost of capital, effectively control the gearing ratio, thus comprehensively improve the high-quality development of Shandong Gold.

SHANDONG GOLD MINING CO., LTD.
2023 APPRAISAL REPORT ON INTERNAL CONTROL

To all Shareholders of Shandong Gold Mining Co., Ltd.:

According to the requirements of the Basic Rules for Internal Control of Companies (《企業內部控制基本規範》) and supporting guidance and other regulatory requirements concerning the internal control (the “**Enterprise Internal Control Regulatory Systems**”), and considering internal control system and evaluation methods of the Company (the “**Company**”) and based on day-to-day monitoring and special supervision of internal control, we assessed the effectiveness of the internal control of the Company as at 31 December 2023 (the reference date of the Internal Control Appraisal Report).

I. IMPORTANT STATEMENT

According to the requirements of Enterprise Internal Control Regulatory Systems, it is the responsibility of the Board of the Company to put in place a sound and effective internal control mechanism, assess its effectiveness and honestly disclose the Internal Control Appraisal Report. The Supervisory Committee shall oversee the establishment and implementation of the internal control mechanism by the Board. The management shall be responsible for the day-to-day operation of this mechanism. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company hereby warrant that there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained.

The objectives of the internal control are to reasonably ensure that the Company’s operation and management be in compliance with laws and regulations, guarantee assets safety, ensure that the financial reporting and relevant information be true and accurate, improve efficiency and effect of operation and facilitate achievement of the development strategies. Given its intrinsic limitations, internal control can only provide reasonable assurance for the above objectives. In addition, changes in the circumstances may render the internal control inappropriate or relevant policies and procedures followed at a lower level. There are risks involved in forecasting the effectiveness of future internal control based on the results of internal control appraisal.

II. RESULTS OF INTERNAL CONTROL APPRAISAL

1. Whether there is any Material Deficiencies in the Internal Control over Financial Reporting of the Company, as at the Reference Date of the Internal Control Appraisal Report

Yes No

2. Results of Internal Control Appraisal over Financial Reporting

Effective Ineffective

According to the identification of material deficiencies in the internal control over financial reporting of the Company, as at the reference date of the Internal Control Appraisal Report, there were no material deficiencies in the internal control over financial reporting. The Board believes that the Company has maintained an effective internal control over financial reporting in all material aspects according to the requirements of Enterprise Internal Control Regulatory Systems and relevant requirements.

3. Whether Material Deficiencies in the Internal Control over Non-Financial Reporting had been Discovered

Yes No

According to the Company's identification of material deficiencies in the internal control over non-financial reporting, as at the reference date of the Internal Control Appraisal Report, the Company discovered no material deficiencies in the internal control over non-financial reporting.

4. The Factors Affecting the Appraisal Results of the Effectiveness of Internal Control from the Reference Date to the Issuance Date of the Internal Control Appraisal Report

Applicable N/A

From the reference date to the issuance date of the Internal Control Appraisal Report, there were no occurrence of such factors that may affect the appraisal results of the effectiveness of the internal control.

5. Whether the Auditing Opinions on Internal Control are Consistent with the Company's Appraisal Results of the Effectiveness of Internal Control over Financial Reporting

Yes No

6. Whether the Material Deficiencies in the Internal Control over Non-financial Reporting Disclosed by the Internal Control Audit Report are Consistent with those Disclosed by the Company's Internal Control Appraisal Report

Yes No

III. DETAILS OF INTERNAL CONTROL APPRAISAL

(I) Scope of Internal Control Appraisal

The Company determined the main enterprises, business and matters and high-risk fields covered in the appraisal scope based on the risk-oriented principle.

1. ***Main Enterprises Covered in the Appraisal Scope:*** Shandong Gold Mining Co., Ltd., Xincheng Gold Mine of Shandong Gold Mining Co., Ltd., Shandong Gold Mining (Laizhou) Co., Ltd., Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., Jiaojia Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., Shandong Gold Smelting Co., Ltd., Shandong Jinzhou Mining Group Co., Ltd., Shandong Gold Mining (Xinhui) Co., Ltd., Shandong Gold Mining (Linglong) Co., Ltd., Shandong Gold Mining (Yinan) Co., Ltd., Chifeng Chaihulanzi Gold Mining Co., Ltd., Shandong Jinshi Mining Co., Ltd., Shandong Gold Mining (Laixi) Co., Ltd., Xihe Zhongbao Mining Co., Ltd., Fujian Zhenghe Yuanxin Mining Co., Ltd., Shandong Gold Guilaizhuang Mining Co., Ltd., Shandong Gold Group Penglai Mining Co., Ltd., Yintai Gold Co., Ltd., Xinjiang Jinchuan Mining Co., Ltd., SDG Capital Management Co., Ltd., Shenzhen SD Gold Mining Precious Metal Co., Ltd. and SDG Heavy Industry Co., Ltd..

2. ***Percentage of the Enterprises Covered in the Appraisal Scope:***

Index	Percentage (%)
The percentage of the total assets of the enterprises covered in the appraisal scope accounting for the total assets shown in the Company's consolidated financial statements	85.61
The percentage of the total revenues of the enterprises covered in the appraisal scope accounting for the total revenues shown in the Company's consolidated financial statements	<u>94.62</u>

3. Main Business and Matters Covered in the Appraisal Scope Include:

Organizational structure, development strategy, social responsibility, corporate culture, risk management, internal information transmission, internal supervision, human resources, working capital management, financing management, investment management, procurement business, asset management, resource management, gold trading, research and development, project management, guarantee business, financial reporting, tax administration, financial budget, contract management, general management and information systems.

4. High-risk Fields Focused on Include but not Limited to:

Working capital management risk, financing management risk, investment management risk, asset management risk, financial reporting risk, gold trading risk, purchasing management risk, contract management risk and information system risk.

5. The Above Enterprises, Business, Matters and High-risk Fields Covered in the Appraisal Scope Cover the Main Aspects of the Company’s Operation and Management, and Whether There are Major Omissions

Yes No

6. Are There any Statutory Exemptions

Yes No

7. Other Explanations

Nil

(II) Basis of Internal Control Appraisal and the Identification Criteria for Internal Control Deficiencies

The Company organizes and carries out internal control evaluation work in accordance with the enterprise’s internal control standard system and the Internal Control System, the Internal Control Manual, the Internal Control Evaluation Manual and 2023 Internal Control Evaluation Work Plan.

1. Are there any adjustment in the specific identification criteria of deficiency in internal control as compared with those of last year

Yes No

According to the requirements of Enterprise Internal Control Regulatory Systems for the identification of material deficiencies, important deficiency and ordinary deficiency, the Company’s size, industry characteristics, risk preference, risk tolerance and other factors, the Board distinguished the internal control over financial reporting and the internal control over non-financial reporting and reviewed and decided the specific identification criteria for deficiencies in the internal control applicable to the Company, which are consistent with those of the past.

2. Identification criteria for deficiencies in the internal control over financial reporting

Quantitative criteria for identifying deficiencies in the internal control over financial reporting:

Names of Index	Quantitative Criteria for Material Deficiencies	Quantitative Criteria for Important Deficiencies	Quantitative Criteria for Ordinary Deficiencies
Total revenue	Misstated amount ≥ 3% of total revenue	3% of total revenue > Misstated amount ≥ 1% of total revenue	Misstated amount < 1% of total revenue

Remarks: Nil

The Company's qualitative criteria for identifying deficiencies in the internal control over financial reporting:

Magnitudes of Deficiency	Qualitative Criteria
Material Deficiency	<p>The following circumstances or similar circumstances are considered as material deficiencies:</p> <ol style="list-style-type: none"> (1) The control environment related to financial report is invalid; (2) Malpractices related to financial reporting by Directors, Supervisors and senior management; (3) The external audit finds that there was a material misstatement in the current financial report, and the Company fails to find the misstatement during the operation; (4) Restatement of the previously published financial report to correct major errors caused by malpractices or errors; (5) Material deficiencies found and reported to management have not been corrected within a reasonable period of time; (6) The Company's risk appraisal functions are invalid; (7) The supervision of internal control by the Company's internal control and risk management committee and the supervision and auditing office is invalid; (8) Other deficiencies that have a significant impact on the correct judgment of users of financial reports.
Important Deficiency	The circumstances other than those meeting the criteria for material deficiency are determined as important or ordinary deficiencies depending on the degree of influence.
Ordinary Deficiency	The circumstances other than those meeting the criteria for material deficiency are determined as important or ordinary deficiencies depending on the degree of influence.

Remarks: Nil

3. *Identification criteria for deficiencies in the internal control over non-financial reporting*

The Company's quantitative criteria for identifying deficiencies in the internal control over non-financial reporting:

Names of Index	Quantitative Criteria for Material Deficiencies	Quantitative Criteria for Important Deficiencies	Quantitative Criteria for Ordinary Deficiencies
Amount criteria	Direct loss ≥ RMB10 million	RMB10 million > Direct loss ≥ RMB3 million	Direct loss < RMB3 million

Remarks: Nil

The Company's qualitative criteria for identifying deficiencies in the internal control over non-financial reporting:

Magnitudes of Deficiency	Qualitative Criteria
Material Deficiency	<p>The following circumstances or similar circumstances are considered as material deficiencies:</p> <ol style="list-style-type: none"> (1) Violation of national laws, regulations or normative documents; (2) The major decision-making process is unscientific; (3) The lack of system may lead to systemic failure; (4) Material or important deficiency cannot be rectified; (5) Great damage is caused to the environment; (6) Major or serious production safety or occupational hazard accidents occur;

Magnitudes of Deficiency	Qualitative Criteria
	(7) Irreparable damage is caused to the Company’s reputation;
	(8) Other circumstances that have a significant impact on the Company.
Important Deficiency	The circumstances other than those meeting the criteria for material deficiency are determined as important or ordinary deficiencies depending on the degree of influence.
Ordinary Deficiency	The circumstances other than those meeting the criteria for material deficiency are determined as important or ordinary deficiencies depending on the degree of influence.

Remarks: Nil

(III) Identification and Rectification of Internal Control Deficiencies

1. Identification and rectification of deficiencies in the internal control over financial reporting

1.1. Material deficiency

Whether the Company had material deficiencies in the internal control over financial reporting during the reporting period

Yes No

1.2. Important deficiency

Whether the Company had important deficiency in the internal control over financial reporting during the reporting period

Yes No

1.3. *Ordinary deficiency*

The internal control process may have ordinary deficiencies in daily operation. Since the Company has established a dual supervision mechanism of self-evaluation and internal audit for the internal control, the Company shall take corrective actions for the internal control defects of financial reporting found and identified to ensure that the risks be controllable and no substantive influence on the Company’s financial report.

1.4. *After the above rectification, whether the Company discovered unrectified material deficiencies in the internal control over financial reporting as at the reference date of the Internal Control Appraisal Report*

Yes No

1.5. *After the above rectification, whether the Company discovered unrectified important deficiencies in the internal control over financial reporting as at the reference date of the Internal Control Appraisal Report*

Yes No

2. ***Identification and rectification of deficiencies in the internal control over non-financial reporting***

2.1. *Material deficiency*

Whether the Company discovered material deficiencies in the internal control over non-financial reporting during the reporting period

Yes No

2.2. *Important deficiency*

Whether the Company discovered important deficiencies in the internal control over non-financial reporting during the reporting period

Yes No

2.3. *Ordinary deficiency*

The internal control process may have ordinary deficiencies in daily operation. The Company has established a dual supervision mechanism of self-evaluation and internal audit for the internal control. Thus, the Company shall take corrective actions for the internal control defects of non-financial reporting found and identified to ensure that the risks be controllable and no substantive influence on the Company's financial report.

2.4. *After the above rectification, whether the Company discovered unrectified material deficiencies in the internal control over non-financial reporting as at the reference date of the Internal Control Appraisal Report*

Yes No

2.5. *After the above rectification, whether the Company discovered unrectified important deficiencies in the internal control over non-financial reporting as at the reference date of the Internal Control Appraisal Report*

Yes No

IV. STATEMENT ABOUT OTHER IMPORTANT MATTERS RELATING TO INTERNAL CONTROL

1. Details of the Rectification of Deficiencies in Internal Control Last Year

Applicable N/A

2. Details of the Operation of Internal Control during the Year and Improvement Direction Next Year

Applicable N/A

During the reporting period, there were no other internal control information that was likely to have a significant impact on investors' understanding of the internal control self-evaluation report, evaluating the internal control conditions or making investment decisions.

In the future, based on the current evaluation, the Company shall keep on improving the internal control system, standardizing the implementation of the internal control system, strengthening the supervision over and inspection of the internal control and promoting the healthy and sustainable development of the Company.

3. Statement About Other Important Issues

Applicable N/A

RESOLUTION REGARDING THE SPECIAL REPORT ON THE DEPOSIT AND ACTUAL USE OF PROCEEDS IN 2023

Dear Shareholders and Shareholders' representatives,

The Company deposits and uses the proceeds in strict accordance with the relevant provisions of the Management System for the Proceeds. As of 31 December 2023, the use of proceeds of the Company is as follows:

I. BASIC INFORMATION OF PROCEEDS

(1) Amount and receipt time of proceeds

1. *Proceeds from issuance of A Shares*

With the approval of the China Securities Regulatory Commission (CSRC) under Reply on Approving the Issuance of Shares by Shandong Gold Mining Co., Ltd. to Shandong Gold Group Co., Ltd. to Acquire Assets and Raise Project Supporting Funds (Zheng Jian Xu Ke [2015] No. 2540), the Company, while issuing shares to acquire assets, carried out a non-public issuance of shares on a locked-price basis to the five specific investors, namely Shandong Province State-owned Assets Investment Holdings Co., Ltd. ("**Shandong State-owned Investment**"), Qianhai Kaiyuan Fund Management Company Limited ("**Qianhai Kaiyuan**"), SD Gold Capital Management Co., Ltd. ("**SDG Capital Management**"), Yantai City Jinmao Mining Co., Ltd. ("**Jinmao Mining**") and the First Employee Shareholding Scheme of Shandong Gold, for the purpose of raising project supporting funds. On 29 September 2016, the issuance targets of the supporting funds for this transaction, Shandong State-owned Investment, Qianhai Kaiyuan, SDG Capital Management, Jinmao Mining and the First Employee Shareholding Scheme of Shandong Gold, have all paid their share subscription funds. The number of shares issued under the non-public issuance for raising the project supporting funds was 117,425,346 Shares, aiming to raise a total of RMB1,679,182,447.80. After deducting the financial advisory fee and underwriting fee of RMB36,360,000.00, we have received RMB1,642,822,447.80 in our accounts.

The above-mentioned proceeds have been deposited in four dedicated accounts, namely Jinan Hualong Road Sub-branch of China Merchants Bank Co., Ltd. (account number: 531900059310107), Shandong Branch of Bank of Communications Co., Ltd. (account number: 371618000018800017859), Jinan Minghu Branch of Agricultural Bank of China Co., Ltd. (account number: 153101040027808), and Jinan Zhenzhuquan Sub-branch of China Construction Bank Co., Ltd. (account number: 37050161680109555666). The deposit of the above-mentioned proceeds has been verified by Beijing TianYuanQuan Certified Public Accountants (Special General Partnership) (note: renamed as TianYuanQuan Certified Public Accountants (Special General Partnership) as approved in August 2019), with a capital verification report (Tian Yuan Quan Yan Zi [2016] No. 000040) issued thereon.

2. *Proceeds from issuance of H Shares*

Pursuant to the Approval for Shandong Gold Mining Co., Ltd. to Issue Overseas Listed Foreign Shares (Zheng Jian Xu Ke [2018] No. 789) issued by the China Securities Regulatory Commission, together with the approval of The Stock Exchange of Hong Kong Limited, the Company has issued a total of 356,889,500 overseas listed foreign shares (H shares) with a par value of RMB1 per share and an issue price of HK\$14.70 per share. As of 28 September 2018, the Company issued 327,730,000 shares of overseas-listed foreign shares (H shares) and received proceeds of HK\$4,817,631,000.00. As of 26 October 2018, in addition to the 29,159,500 shares of overseas-listed foreign shares (H shares) issued by the Company upon exercise of the over-allotment options with proceeds of HK\$428,644,650.00, the Company has issued a total of 356,889,500 shares of overseas-listed foreign shares (H shares), and received a total of HK\$5,246,275,650.00, with a net balance of HK\$5,245,726,677.24 after deducting the transaction fees, cumulatively amounting to net proceeds of RMB4,618,818,884.84.

The above-mentioned proceeds have been deposited into five dedicated accounts, namely CMB Wing Lung Bank Limited (account number: 60112560837), CMB Wing Lung Bank Limited (account number: 60134279189), Industrial and Commercial Bank of China (Asia) Limited (account number: 861-520-13331-1), Jinan Branch of Shanghai Pudong Development Bank (account number: 74100078813600000877), and Jinan Branch of Shanghai Pudong Development Bank (account number: 74100078801400000878).

(2) **Use of proceeds in previous years**

1. *Proceeds from issuance of A Shares*

As at 31 December 2022, the Company has invested a total of RMB1,082,888,144.59 in the investment projects. On 7 November 2022, the Company returned all of the amount of RMB290,000,000.00 that had been used to replenish its working capital in 2021 to the dedicated accounts and notified the Company's sponsors and their representatives of the return of the above amount. On 16 December 2022, the 32nd meeting of the sixth session of the Board of the Company reviewed and approved the Proposal on Temporary Use of Part of the Idling Proceeds to Replenish Working Capital, which authorized the Company to use RMB270,000,000.00 to temporarily replenish its working capital, with a term of less than 12 months from the date of consideration and approval of such proposal by the Board of the Company.

The dedicated accounts have received deposit interest, net of banking service fees etc., of RMB37,833,865.23. As at 31 December 2022, the balance of the proceeds was RMB332,564,184.00.

2. Proceeds from issuance of H Shares

On 2 October 2018 and 7 November 2018, the Company transferred from its proceeds accounts in CMB Wing Lung Bank Limited and Industrial and Commercial Bank of China (Asia) Limited HK\$4,720,000,000.00 and HK\$400,000,000.00 (equivalent to RMB4,506,088,000.00), respectively to Shandong Gold Mining (Hong Kong) Co., Limited's HK dollar account in Industrial Bank, which thereafter transferred an amount of US\$652,625,600.00 to its US dollar account in Industrial Bank on the same day, which was fully used to repay part of the principal and interest of the syndicated loans obtained for the acquisition of Veladero Mine in Argentina in previous period.

The Company has paid a total of RMB93,987,131.33 for the listing expenses through its proceeds account in Jinan Branch of Shanghai Pudong Development Bank, and paid RMB990,136.21 for the withheld taxes in relation to the listing through its basic account in China Construction Bank. The accumulated interest and service fees of the five proceeds accounts amounted to RMB92,685.78, with an exchange gain/loss of RMB-2,107,448.91, and an ending balance of RMB17,166,099.50.

As at 31 December 2022, the balance of the proceeds accounts amounted to HK\$19,107,725.43 and RMB97,741.61, equivalent to RMB17,166,099.50 in aggregate.

(3) Amount of proceeds used during the year and balance at the end of the year**1. Proceeds from issuance of A Shares**

As at 31 December 2023, the Company actually used RMB1,110,199,427.32 of the proceeds for investment projects, of which RMB27,311,282.73 was invested in this year and RMB1,082,888,144.59 was invested in previous years. The net deposit interest, net of banking service fees etc. received for the year was RMB4,813,741.22.

As at 31 December 2023, the balance of the proceeds amounted to RMB30,066,642.49 (including accumulated interest income received net of banking service fees of RMB7,872,654.25, excluding RMB550,000,000.00 which was temporarily used to replenish working capital as approved at the 52nd meeting of the sixth session of the Board of the Company on 12 December 2023).

2. *Proceeds from issuance of H Shares*

As at 31 December 2023, the Company actually used HK\$5,206,730,778.61 and RMB17,433,621.26 of the proceeds for investment projects, of which, RMB0.00 was invested in this year, and HK\$5,206,730,778.61 and RMB17,433,621.26 were invested in previous years. The net deposit interest, net of banking service fees etc. received for the year was HK\$7,974.85 and RMB71.79.

As at 31 December 2023, the balance of the proceeds amounted to HK\$19,115,700.28 and RMB97,813.40, equivalent to RMB17,420,843.31. (Including accumulated interest income received net of bank service fees).

II. MANAGEMENT OF THE PROCEEDS

(1) Management of the proceeds

In order to regulate the management and utilization of the Company's proceeds and improve its use efficiency, in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》) and other relevant laws, regulations and normative documents, as well as the provisions of the Articles of Association of Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司章程》), and taking into account the actual situation of the Company, the Management System for the Proceeds of Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司募集資金管理辦法》) has been formulated.

The Company and CITIC Securities Co., Ltd. (“**CITIC Securities**”), the independent financial adviser and the lead underwriter, have separately entered into the Tripartite Supervision Agreement for the Special Deposit Account of Proceeds with Jinan Branch of China Merchants Bank Co., Ltd., Shandong Branch of Bank of Communications Co., Ltd., Jinan Zhenzhuquan Sub-Branch of China Construction Bank Co., Ltd. and Jinan Minghu Sub-branch of Agricultural Bank of China Co., Ltd. (the “**Depository Banks for Special Deposit Account of Proceeds**”). A special bank account has been opened with each of the above-mentioned banks for the exclusive deposit of the proceeds. The Tripartite Supervision Agreement specifies the rights and obligations of the parties, which do not have material differences from the sample tripartite supervision agreement of the Shanghai Stock Exchange. There is no problem in the implementation of the Tripartite Supervision Agreement by the Company.

The Company and CITIC Securities, the independent financial adviser and the lead underwriter, have entered into the Quadripartite Supervision Agreement for the Special Deposit Account of Proceeds (the “**Quadripartite Supervision Agreement**”) with Shandong Gold Mining (Linglong) Co., Ltd., Zhaoyuan Sub-branch of Hengfeng Bank and Zhaoyuan Sub-branch of China Everbright Bank. A special bank account has been opened with each of the above-mentioned banks for the exclusive deposit of the proceeds. The Quadripartite Supervision Agreement specifies the rights and obligations of the parties, which does not have material differences from the sample quadripartite supervision agreement of the Shanghai Stock Exchange. There is no problem in the implementation of the Quadripartite Supervision Agreement by the Company.

The Company and CITIC Securities, the independent financial adviser and the lead underwriter, have entered into the Quadripartite Supervision Agreement for the Special Deposit Account of Proceeds (the “**Quadripartite Supervision Agreement**”) with Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. and Laizhou Sub-branch of Bank of China Limited. A special bank account has been opened with the above-mentioned bank for the exclusive deposit of the proceeds. The Quadripartite Supervision Agreement specifies the rights and obligations of the parties, which does not have material differences from the sample quadripartite supervision agreement of the Shanghai Stock Exchange. There is no problem in the implementation of the Quadripartite Supervision Agreement by the Company.

The Company and CITIC Securities, the independent financial adviser and the lead underwriter, have entered into the Quadripartite Supervision Agreement for the Special Deposit Account of Proceeds (the “**Quadripartite Supervision Agreement**”) with Shandong Gold Guilaizhuang Mining Co., Ltd. and Jinan Branch of Industrial Bank Co., Ltd.. A special bank account has been opened with the above-mentioned bank for the exclusive deposit of the proceeds. The Quadripartite Supervision Agreement specifies the rights and obligations of the parties, which does not have material differences from the sample quadripartite supervision agreement of the Shanghai Stock Exchange. There is no problem in the implementation of the Quadripartite Supervision Agreement by the Company.

(2) Deposit of proceeds at the special account

1. As at 31 December 2023, the specific deposit of proceeds from issuance of A Shares is set out below:

Unit: RMB

Opening bank	Bank account	Proceeds	Balance	Total
			Interest income	
Jinan Hualong Road Sub-branch of China Merchants Bank Co., Ltd.	531900059310107	–	955,592.42	955,592.42
Shandong Province Branch of Bank of Communications Co., Ltd.	371618000018800017859	–	–	–
Jinan Zhenzhuquan Sub-Branch of China Construction Bank Co., Ltd.	37050161680109555666	–	2,597,163.92	2,597,163.92
Jinan Minghu Sub-branch of Agricultural Bank of China Co., Ltd.	153101040027808	–	2,793,500.90	2,793,500.90
Laizhou Sub-branch of Bank of China Limited	241621509361	–	–	–
Zhaoyuan Sub-branch of China Everbright Bank	38120188000112367	22,193,988.24	1,488,766.81	23,682,755.05
Jinan Branch of Industrial Bank Co., Ltd.	376010100101140534	–	37,630.20	37,630.20
Total		22,193,988.24	7,872,654.25	30,066,642.49

Note: Supplementary working capital of RMB550,000,000.00 was not included in the account balance.

2. As at 31 December 2023, the specific deposit of proceeds from issuance of H Shares is set out below:

Unit: RMB

Opening bank	Bank account	Currency	Balance		RMB equivalent	
			Proceeds	Interest income (net of bank service fees)	Total	
CMB Wing Lung Bank Limited	60112560837	HKD	-	503.75	503.75	456.51
CMB Wing Lung Bank Limited	60134279189	HKD	282,475.50	75,602.96	358,078.46	324,497.86
Industrial and Commercial Bank of China (Asia) Limited	861-520-13331-1	HKD	444,608.89	29,606.62	474,215.51	429,743.58
Jinan Branch of Shanghai Pudong Development Bank	74100078801360000877	HKD	18,269,221.39	13,681.17	18,282,902.56	16,568,331.96
Jinan Branch of Shanghai Pudong Development Bank	74100078801400000878	RMB	104,278.74	-6,465.34	97,813.40	97,813.40
Total			-	-	-	17,420,843.31

III. ACTUAL USE OF PROCEEDS DURING THE YEAR

Breakdown of the Use of Proceeds from Issuance of A Shares

Unit: RMB'0,000

Total proceeds used during the year 2,731.13
 Total proceeds used cumulatively 111,019.94

164,282.24 Total proceeds used during the year
 Nil Total proceeds used cumulatively
 Nil

164,282.24 Total proceeds used during the year
 Nil Total proceeds used cumulatively
 Nil

Total proceeds

Total proceeds with changes in the use

Proportion of total proceeds with changes in the use

Committed investment project	Projects that have been changed, including partial changes (if any)	Total committed investment of proceeds	Total investment after adjustment	Committed investment amount as of the end of period (1)	Amount invested during the year	Accumulated amount invested as of the end of period (2)	Difference between the accumulated amount invested as of the end of period and the committed investment amount (3)=(2)-(1)	Investment progress as at the end of the period (%) (4)=(2)/(1)	Date on which the project is ready for its intended use	Benefits realized during the year	Whether expected benefits are achieved	Whether the feasibility of the project has changed significantly
Dongfeng mining area (Dongfeng Phase II construction project)	No	114,658.38	114,658.38	114,658.38	2,671.13	70,874.60	-43,783.78	61.81	-	-	No	No
Xinli exploration right (Deep mine construction project in Xinli mining area)	No	32,746.28	32,746.28	32,746.28	-	33,225.88	479.60	101.46	-	-	Yes	No
Guilaizhuang Company (Deep construction project in Guilaizhuang gold mine)	No	6,911.45	6,911.45	6,911.45	60.00	6,919.46	8.01	100.12	-	-	Yes	No
Pengtai Mining (Chugezhuang and Huluxian mine construction project in Pengtai gold mine)	No	9,966.13	9,966.13	9,966.13	-	-	-9,966.13	-	-	-	No	No
Total	-	164,282.24	164,282.24	164,282.24	2,731.13	111,019.94	-53,262.30	-	-	-	-	-

Reasons for not meeting the planned progress (by specific investment projects)

Description of significant changes in project feasibility

Initial investment and replacement of investment projects

Temporary replenishment of working capital with idle proceeds

Cash management of idle proceeds and investment in related products

Permanent replenishment of working capital or repayment of bank loans with excess proceeds

Amount and reasons for the balance of proceeds

Other use of proceeds

N/A

No material changes in project feasibility

Nil

55,000.00

Nil

N/A

Project not completed with no funding balance

See (8) Other use of proceeds

Breakdown of the Use of Proceeds from Issuance of H Shares

Unit: RMB'0,000

Total proceeds	461,881.89	Total proceeds used during the year	USD652,625,600 and RMB94,977,300
Total proceeds with changes in the use	1,771.81	Total proceeds used cumulatively	
Proportion of total proceeds with changes in the use	0.38%		

Committed investment project	Projects that have been changed, including partial changes (if any)	Total committed investment of proceeds	Total investment after adjustment	Committed investment amount as at the end of the period (1)	Amount invested during the year	Accumulated amount invested as of the end of the period (2)	Difference between the accumulated amount invested as at the end of the period and the committed investment amount (3)=(2)-(1)	Investment progress as at the end of the period (%)	Date on which the project is ready for its intended use	Whether the feasibility of the project has changed significantly	Whether expected benefits are achieved	Benefits realized during the year
Shandong Gold Mining (Hong Kong) Co., Limited - Long-term borrowings	No	67,200.00	67,200.00	67,200.00	-	0.00	-1,937.44	97.12	N/A	No	N/A	N/A
Listing expenses	Yes	16,060.00	16,060.00	16,060.00	-	9,497.73	-6,562.27	59.14	N/A	No	N/A	N/A
Total	-	67,200.00	67,200.00	67,200.00	-	9,497.73	-1,937.44	-	-	-	-	-

Reasons for not meeting the planned progress (by specific investment projects)

Description of significant changes in project feasibility

Initial investment and replacement of investment projects

Temporary replenishment of working capital with idle proceeds

Cash management of idle proceeds and investment in related products

Permanent replenishment of working capital or repayment of bank loans with excess proceeds

Amount and reasons for the balance of proceeds

Other use of proceeds

N/A

No material changes in project feasibility

Nil

N/A

Nil

N/A

See IV. Change in use of proceeds for investment projects

Nil

(1) Use of Proceeds for Investment Projects (“Investment Projects”)

The Company deposits and uses the proceeds in strict accordance with the relevant provisions of the Management System for the Proceeds. As of 31 December 2023, details of the Company’s use of proceeds are set out in the aforesaid “Breakdown of the Use of Proceeds from Issuance of A Shares” and “Breakdown of the Use of Proceeds from Issuance of H Shares”.

(2) Initial investment and replacement of Investment Projects

The Company did not have any initial investment and replacement of Investment Projects.

(3) Temporary replenishment of working capital with idle proceeds

On 16 December 2022, the Company convened the 32nd meeting of the sixth session of the Board and the 17th meeting of the sixth session of the Supervisory Committee, at which the Proposal of the Company on the Temporary Replenishment of Working Capital by Using Part of the Idle Proceeds was considered and approved to use idle proceeds of RMB270,000,000.00 by the Company to temporarily replenish the working capital provided that construction of Investment Projects and the plan for the use of proceeds shall not be affected for a term of no more than 12 months (from the date of funds transfer from the Company’s dedicated accounts to the date of funds transfer back to the Company’s dedicated accounts). The Company will only use the above-mentioned funds for production and operation related to its principal business.

On 4 December 2023, the Company returned all of the amount of RMB270,000,000.00 that had been used to temporarily replenish its working capital in 2022 to the dedicated accounts and notified the Company’s sponsors and their representatives of the return of the above amount.

On 12 December 2023, the Company convened the 52nd meeting of the sixth session of the Board and the 31st meeting of the sixth session of the Supervisory Committee, at which the Proposal of the Company on Returning the Proceeds and the Temporary Replenishment of Working Capital by Continuing to Use the Idle Proceeds was considered and approved to use idle proceeds of RMB550,000,000.00 by the Company to temporarily replenish the working capital provided that construction of Investment Projects and the plan for the use of proceeds shall not be affected for a term of no more than 12 months (from the date of funds transfer from the Company’s dedicated accounts to the date of funds transfer back to the Company’s dedicated accounts). The Company will only use the above-mentioned funds for production and operation related to its principal business.

(4) **Cash management and investment in related products with idle proceeds**

There were no idle proceeds invested in products by the Company.

(5) **Permanent replenishment of working capital or repayment of bank loans with excess proceeds**

There was no permanent replenishment of working capital or repay bank loans with excess proceeds by the Company.

(6) **Use of excess proceeds for projects under construction and new projects (including acquisition of assets)**

There was no use of excess proceeds for projects under construction and new projects (including acquisition of assets) by the Company.

(7) **Use of remaining proceeds**

On 27 October 2023, the Company issued an announcement on Modification of the Use of Proceeds from the Global Offering, which is as follows: The Company's H Shares were listed on the main board of the Hong Kong Stock Exchange on 28 September 2018 and the net proceeds from the Global Offering amounted to approximately HK\$5,245.7 million (approximately RMB4,618.8 million) after deducting transaction fees and other expenses. As at 30 September 2023, approximately RMB17.7 million of the proceeds from the Global Offering were unutilized (including accrued interest received) (the “**Unutilized Proceeds**”). As the Company has completed payment of all the listing expenses of H Shares, the Company has decided to modify the use of such Unutilized Proceeds by applying all of them to replenish liquidity.

Pursuant to the Guidelines for the Self-discipline Supervision of Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation and Administrative Measures for Raising Funds of Shandong Gold Mining Co., Ltd., the proportion of remaining proceeds from the above-mentioned H-share listing to the net proceeds of H shares is 0.38%, which is less than 5% of the net proceeds, and the remaining proceeds to replenish its working capital do not require the consideration and approval of the Board and the general meeting.

(8) Other use of proceeds

1. Dongfeng mining area: Affected by two gold mine safety accidents in Shandong Province in early 2021, the Dongfeng mining area of Shandong Gold Mining (Linglong) Co., Ltd. suspended production from the end of January to the end of March 2021 for safety inspections; and some areas of the Dongfeng mining area involved Shandong Province Ecological Protection Red Line Plan (2016-2020), due to the policy impact of the new round of ecological protection red line delineation in Shandong Province, the mining license in Dongfeng mining area expired on 10 November 2021, and was not renewed, resulting in the suspension of production. After the Ecological Protection Red Line Plan was approved, Dongfeng mining area obtained the extended mining license in December 2022 and resumed production in January 2023. During the above suspension period, the construction of the Dongfeng mining area project cannot be carried out, so the proceeds have not been fully used. To date, production and infrastructure construction have been carried out normally within the scope of the mining rights of the Dongfeng mining area, and the part outside the scope of mining rights can only be continued after the completion of the boundary expansion of mining rights.
2. Penglai mining area: Shandong Gold Group Penglai Mining Co., Ltd.'s Qijiagou mining area mining rights, Huluxian Gold Mine Area mining rights, Qijiagou – Huluxian mining area deep and surrounding gold mine exploration mining rights involve part of the Shandong Province Ecological Protection Red Line Plan (2016-2020), due to the policy impact of the new round of ecological protection red line delineation in Shandong Province, the Chugezhuang and Huluxian Gold Mine Area's boundary and capacity expansion project failed to obtain a mining license and carry out project construction. According to the Approval of Shandong Provincial People's Government on the Mineral Resource Integration Plan of Gold Mines Across 8 Districts (Cities) in Yantai City (《山東省人民政府關於煙台8個區(市)金礦礦產資源整合方案的批覆》) (Lu Zheng Zi [2021] No. 133) and the Optimised and Adjusted Mineral Resource Integration Plan of Gold Mines in Penglai District of Yantai City (《煙台市蓬萊區金礦礦產資源整合優化調整方案》) approved by the government of Penglai District, Penglai Mining's Chugezhuang and Huluxian Gold Mine Area's boundary and capacity expansion project was expanded to the "Yanshan Integrated Area Mining Area". Penglai Mining acquired two mining rights owned by Shandong Jinchuang Co., Ltd. and three mining rights owned by Shandong Gold Jinchuang Group Co., Ltd., and integrated all the existing mining rights of Penglai Mining into one mining right. The construction of the mining area project can only be carried out after obtaining a new mining license and project construction procedures. Affected by the above factors, the proceeds from the Penglai mining area have not yet been used. To date, the application for changing the mining rights has been submitted to the Department of Natural Resources of Shandong Province for review. It is expected to obtain the mining license for the Yanshan Integrated Area in 2024, and plans to start project construction in 2025.

IV. CHANGE IN USE OF PROCEEDS FOR INVESTMENT PROJECTS

Details of change in use of proceeds for Investment Projects

Unit: RMB'0,000

Projects after change	Original projects	Total proceeds proposed to be invested in the changed projects	Planned accumulated investment amount as at the end of the period (1)	Actual investment amount for the year	Actual accumulated investment amount (2)	Investment progress (%) (3)=(2)/(1)	Expected usable date for the projects	Revenue generated during the year	Whether the expected revenue can be reached	Whether significant changes have been made to the feasibility of changed projects
Supplementary working capital	Listing expenses	1,771.81	1,771.81	1,716.61	1,716.61	96.88	N/A	N/A	N/A	No
Total	-	1,771.81	1,771.81	1,716.61	1,716.61	96.88	-	-	-	

Reasons for change, decision-making process and information disclosure (for specific proceeds for Investment Projects)

On 27 October 2023, the Company issued an announcement on Modification of the Use of Proceeds from the Global Offering, which is as follows: The Company's H Shares were listed on the main board of the Hong Kong Stock Exchange on 28 September 2018 and the net proceeds from the Global Offering amounted to approximately HK\$5,245.7 million (approximately RMB4,618.8 million) after deducting transaction fees and other expenses. As at 30 September 2023, approximately RMB17.7 million of the proceeds from the Global Offering were unutilized (including accrued interest received) (the "Unutilized Proceeds"). As the Company has completed payment of all the listing expenses of H Shares, the Company has decided to modify the use of such Unutilized Proceeds by applying all of them to replenish liquidity.

Pursuant to the Guidelines for the Self-discipline Supervision of Listed Companies on the Shanghai Stock Exchange No. 1 - Standardized Operation and Administrative Measures for Raising Funds of Shandong Gold Mining Co., Ltd., the proportion of remaining proceeds from the above-mentioned H-share listing to the net proceeds of H Shares is 0.38%, which is less than 5% of the net proceeds, and the remaining proceeds to replenish its working capital do not require the consideration and approval of the Board and the general meeting.

Failure to reach planned stage and reasons thereof (for specific proceeds for Investment Projects)

N/A

Details of significant change in the feasibility of changed projects

N/A

V. ISSUES IN THE USE AND DISCLOSURE OF PROCEEDS

The Company used the proceeds in accordance with the provisions and requirements of relevant laws, regulations and regulatory documents, and disclosed the use of proceeds in a timely, true, accurate and complete manner. There was no material case of non-compliance in relation to the use of proceeds.

VI. CONCLUDING OPINIONS ON THE ASSURANCE REPORT ISSUED BY THE ACCOUNTING FIRM ON THE ANNUAL DEPOSIT AND ACTUAL USE OF PROCEEDS OF THE COMPANY

ShineWing Certified Public Accountants (Special General Partnership) is of the view that the above Special Report on the Deposit and Actual Use of Proceeds of Shandong Gold Mining Co., Ltd. has been prepared in accordance with the relevant requirements of the Shanghai Stock Exchange, and truly reflects the actual deposit and use of the proceeds of Shandong Gold Mining Co., Ltd. in 2023 in all material respects.

VII. CONCLUDING OPINIONS ON THE SPECIAL VERIFICATION REPORT ISSUED BY THE SPONSOR ON THE ANNUAL DEPOSIT AND ACTUAL USE OF PROCEEDS OF THE COMPANY

After verification, CITIC Securities is of the view that Shandong Gold Mining Co., Ltd. has disclosed the deposit and actual use of the supporting proceeds in a timely, true, accurate and complete manner in accordance with the relevant laws and regulations. The use of proceeds has gone through the necessary approval procedures, and there is no illegal management of the proceeds.

RESOLUTION REGARDING THE COMPANY'S GUARANTEE FACILITY FOR THE HONG KONG SUBSIDIARY FOR 2024

Dear Shareholders and Shareholders' representatives,

To meet the funding needs of the Company's overseas subsidiary, Shandong Gold Mining (Hong Kong) Co., Ltd. (hereinafter referred to as the "**Hong Kong Company**"), for its production and operation, project construction, overseas mergers and acquisitions and replacement of existing financing notes at maturity, etc., effectively utilize the overseas capital market for financing, the Company intends to provide a guarantee totaling not more than USD1,800 million (including the outstanding guarantee amount as at 28 March 2024) to it in 2024 to improve decision-making efficiency.

The guarantee needs to be submitted to the Company's general meeting for consideration and approval. The term of validity of the guarantee arrangement is from the date of approval by the shareholders' meeting till the date of the 2024 annual general meeting to be held in 2025. After being considered and approved by the shareholders' meeting, the guarantee arrangement shall authorize the management of the Company to handle relevant guarantee matters.

I. BASIC INFORMATION OF THE GUARANTEED PARTY

Company name: Shandong Gold Mining (Hong Kong) Co., Limited

Registered address: Hong Kong, China

Registered capital (subscribed): RMB4,531.1456 million

Business scope: trade, investment, holding, consulting services, etc.

The Hong Kong Company is a wholly-owned subsidiary of the Company established in Hong Kong on 27 February 2017. As of 31 December 2023, the assets of the Hong Kong Company totaling RMB17,413.7984 million, the liabilities totaling RMB12,042.2126 million and the net assets was RMB5,371.5858 million. In 2023, the gross sales were RMB2,582.8299 million and the net profit was RMB-366.7795 million.

II. MAIN CONTENTS OF THE GUARANTEE

As at 28 March 2024, the guarantees provided to the Hong Kong Company were as follows: the amount of the relevant guarantee agreements (including direct guarantee and counter-guarantee) signed and maintained by the Company was USD1,292.1850 million, and the actual amount of guarantee obligations undertaken was USD1,260.0000 million.

In order to meet the needs of the SDG Hong Kong Company for its production and operation, project construction, overseas mergers and acquisitions and replacement of existing financing upon maturity, the Company intends to provide a guarantee totaling not more than USD1,800 million to Hong Kong Company in 2024 (including the guarantee amount existing as at 28 March 2024). The purpose of guarantee is to provide guarantee for Hong Kong Company to apply for credit lines, project loans, merger and acquisition loans from financial institutions and issue letters of guarantee and letters of credit, bank acceptance bills and other external responsibilities and obligations due to business operations. The guarantee methods are the direct guarantee and the counter guarantee, and the term of validity is from the date of approval by the shareholders' meeting till the 2024 annual general meeting to be held in 2025. After being considered and approved by the shareholders' meeting, the guarantee arrangement shall authorize the Company and the management of the Hong Kong Company to deal with specific matters according to the actual operation needs within the scope of the above authorization.

The above-mentioned guarantee amount does not equal the actual financing amount. The actual financing amount shall be determined through consultation with financial institutions on financing matters within the guarantee amount approved by the shareholders' meeting. The type, method, amount and term of validity of the guarantee shall be subject to the signed documents. The Company strictly examines and approves financing and strictly controls operational and guarantee risks.

III. NUMBER OF EXTERNAL GUARANTEES AND OVERDUE GUARANTEES

As of 28 March 2024, the total balance of guarantees provided by the Company and its subsidiaries to units outside the consolidated statements was 0, accounting for 0% of the latest audited net assets of the listed company.

As of 28 March 2024, the total guarantee amount provided by the Company to its wholly-owned subsidiary Hong Kong Company was USD1,800 million (equivalent to RMB12,770.64 million); The Company provided a guarantee amount of RMB4,279 million for the M&A bridge loan of its wholly-owned subsidiary, Shandong Gold Mining (Laishou) Co., Ltd. The total guarantee amount provided by the Company's subsidiary Yintai Gold for its wholly-owned subsidiaries was RMB3,500 million; The total amount of the above guarantees was RMB20,549.64 million, accounting for 15.27% of the total assets and 62.11% of the net assets of the Company in 2023.

As of 28 March 2024, the guarantee balance provided by the Company to its wholly-owned subsidiary Hong Kong Company was USD1,260 million (equivalent to RMB8,939.448 million); The Company provided a guarantee balance of RMB3,765.05 million for the M&A bridge loan of its wholly-owned subsidiary, Shandong Gold Mining (Laishou) Co., Ltd., The guarantee balance provided by the Company's subsidiary Yintai Gold for its wholly-owned subsidiaries was RMB577.96 million; The total balance of the above guarantees was RMB13,282.458 million, accounting for 9.87% of the total assets and 40.15% of the net assets of the Company in 2023.

The Company and its majority-controlled subsidiaries have no overdue guarantees.

**RESOLUTION REGARDING THE CONDUCTING OF FUTURES
AND DERIVATIVES TRANSACTIONS IN 2024**

Dear Shareholders and Shareholders' representatives,

To avoid the impacts of fluctuations in prices and exchange rates on the Company's production and operation and ensure the continuous operation and stable performance of the Company, the Company and its subsidiaries intend to carry out highly liquid futures and other derivatives transactions that are related to its main business and similar to the Company's products in qualified domestic and overseas exchanges in accordance with national policies and regulations, so as to further enhance the Company's production and operation level and anti-risk ability. The Company is applying for the following futures and derivatives transactions in 2024:

I. OVERVIEW OF BUSINESS**(1) Purpose of trading**

The Company's main business is gold exploitation. It has a complete industry chain incorporating exploration, mining, beneficiation, smelting (refining), and deep processing and sales of gold products. The Products include gold, silver, etc. Changes on commodity prices will bring significant uncertainty to the Company's operational efficiency. Due to the still severe global economic situation and intensified geopolitical turmoil, adjustments to national policies (such as monetary policy, fiscal policy, industry policy, regional development policy, etc.) and uncertainty in exchange rate fluctuations will have a significant impact on commodity prices, thereby affecting the Company's profits. To avoid the impacts and related risks of fluctuations in prices and exchange rates on the Company's production and operation and ensure the continuous operation and stable performance, the Company and its subsidiaries intend to carry out futures and other derivatives transactions in accordance with national policies and regulations, so as to further enhance the Company's production and operation level and anti-risk ability.

The futures and other derivatives transactions conducted by the Company or the purpose of hedging on exchanges such as the Shanghai Gold Exchange, the Shanghai Futures Exchange, Chicago Mercantile Exchange and over-the-counter exchanges are based on normal production and operation, relies on specific business operations, and has a strong economic correlation of hedging with the price fluctuations faced by the Company's main business. The futures and other derivative transactions carried out by the Company can effectively hedge against the risk of price and exchange rate fluctuations.

The funds used by the Company to carry out this business are reasonably arranged to ensure that the hedge operations that match the actual business scale of the Company are carried out without affecting the normal operation of the main business.

(2) Trading amount

According to the Company's annual production and operation plan in 2024, the maximum contract value held on the trading days of the futures and other derivatives trading business the Company intends to engage in is estimated to be not more than RMB5.7 billion or its equivalents in other currencies, and the margin and the lines of credit from financial institutions are estimated to be not more than RMB900 million or its equivalents in other currencies (the majority of which are the lines of credit from financial institutions). The above lines can be recycled. The details are as follows:

1. The maximum contract value held on the trading days of self-produced gold futures and derivatives transactions is estimated to be not more than RMB2.1 billion or its equivalents in other currencies, and the margin and the lines of credit from financial institutions are estimated to be not more than RMB300 million or its equivalents in other currencies.
2. The maximum contract value held on other futures and derivatives trading days is estimated to be not more than RMB3.6 billion or its equivalents in other currencies, and the margin and the lines of credit from financial institutions are estimated to be not more than RMB600 million or its equivalents in other currencies.

The transaction amount of the Company and its subsidiaries at any point during the above-mentioned authorization period (including the amount related to the re-transaction of the proceeds of the said transaction) shall not exceed the approved limit.

(3) Transaction amount of Yintai Gold

The Company held the 57th meeting of the sixth session of the Board on 22 March 2024, and considered and approved the Resolution on the Conduct of Derivatives Investment Business by Controlled Subsidiaries of Yintai Gold (a controlled subsidiary of the Company). The derivatives trading business of Yintai Gold Co., Ltd. ("**Yintai Gold**"), a controlled subsidiary of the Company, is expected to hold a maximum contract value of not more than RMB7 billion or its equivalents in other currencies on any trading day, and the amount of trading margin utilised will not be more than RMB1 billion or its equivalents in other currencies at any point of time. The above-mentioned quota can be used on a recurring basis within the validity period, which is twelve months from the date of consideration and approval by the 2023 annual general meeting of Yintai Gold.

The Company's estimated maximum contract value for futures and other derivatives trading in 2024 as well as the utilised margin and the lines of credit from financial institutions do not include the above-mentioned amount of Yintai Gold's derivatives trading business.

(4) Sources of funds

The funds used by the Company and its subsidiaries for futures and other derivatives trading are equity funds and the lines of credit from commercial banks, investment banks and other financial institutions. No proceeds raised are used for futures and other derivatives trading.

(5) Trading methods

1. Exchanges for trading: According to the actual business needs of the Company, the Company intends to trade futures and other derivatives trading business on the Shanghai Gold Exchange, the Shanghai Futures Exchange, Chicago Mercantile Exchange and other legitimate exchanges.
2. Over-the-counter counterparties for trading and the necessity of transactions: The Company intends to engage in over-the-counter futures and other derivatives trading business through commercial banks and other financial institutions (non-related party institutions) approved by regulatory authorities and qualified for derivatives trading business. Due to the high standardization of on-the-counter derivatives, over-the-counter derivatives have the advantage of higher flexibility compared to on-the-counter derivatives, which can better fit the actual situation of some businesses of the Company and reduce the occupation of derivatives transactions for the Company's working capital.
3. The necessity of conducting overseas derivative trading: The Company has self-produced gold overseas. Due to price differences in domestic and overseas gold markets, the relevant varieties on domestic exchanges cannot meet the needs of the Company's overseas business, in order to avoid the risks caused by the fluctuations in prices, part of the Company's futures and other derivative business is planned to be done overseas.
4. Trading varieties: The Company mainly selects highly liquid varieties that are related to its main business and similar to the Company's products.
5. Financial instruments: The major instruments used by the Company for derivatives trading are futures contracts, forward contracts and option contracts.

(6) Implementing subjects

According to the business, the implementing subjects are the Company and its subsidiaries.

(7) Term of authorization

The term of authorization is from 1 January 2024 to 31 December 2024. It shall take effect upon approval by the general meeting of shareholders.

II. RISKS ANALYSIS AND RISK CONTROL MEASURES**(1) Analysis of risks related to derivatives trading business**

In the process of conducting futures and other derivatives transactions, the Company and its subsidiaries always aims to reduce the risk of fluctuations in prices and places risk control in the first place in accordance with the principles of legality, prudence, safety and effectiveness. However, because of the leverage used in futures and other derivatives trading, the possibility of manipulation and the impossibility of an accurate forecast of fluctuations in prices, there may still be some risks in the course of business:

1. Market risks: Due to changes of fundamentals, there may be wide fluctuations in the prices of futures and other derivatives and even deviations between futures prices and spot prices. As a result, hedge may be less effective or ineffective, and the risk of losses may arise.
2. Operational risks: Business takes professional skills, and the trading is complex. An incomplete internal control mechanism or mistakes may cause risks.
3. Liquidity risks: The risk of impossibility of completing transactions due to insufficient market liquidity.
4. Fund risks: Due to insufficient margin, positions may be subject to forced liquidation, resulting in losses.
5. Technical risks: Due to software or hardware failures or other failures, the trading system may malfunction, resulting in delays, interruptions or data errors of trading instructions. Changes of trading rules that are not conducive to the Company and its subsidiaries due to force majeure may cause relevant risks.
6. Other risks: Relevant businesses, especially overseas derivative business, may be affected by factors such as global politics, wars, the economy and changes of laws, and they may face risks due to the lack of liquidity of over-the-counter products, counterparty defaults, etc.

(2) Risk control measures

1. The Company strictly manages authorization, and the sizes of futures and other derivatives transactions shall be subject to the approval of the Company's Board of Directors and shareholders' meeting. Trading beyond limits is not allowed unless it gets approval.

2. The Company has formulated the management systems such as the “Self-produced Gold Hedging Management Measures of Shandong Gold Mining Co., Ltd.”, which clarify the responsibilities of relevant departments, business approval procedures, operation and implementation, risk management requirements, and supervision and inspection, and establish an effective risk management system and an effective internal control mechanism for futures and other derivatives trading business.
3. The Company has launched a transaction information management and control platform, and is equipped with professional clearing risk control personnel. The Company keeps on tracking the changes of the prices of futures and other derivatives and the balances of trading limits, timely assess the changes of the risk exposure of futures and other derivatives trading, timely balance, allocate and transfer available funds in accounts according to the degree of risk of the accounts and prevent position risk of the accounts. Business personnel regularly report to the Company’s management, promptly report abnormal situations, warn the management of risks and activate corresponding risk warning mechanisms based on specific situations.
4. The Company trades futures and derivatives on the Shanghai Gold Exchange, the Shanghai Futures Exchange, the Chicago Mercantile Exchange and other legitimate exchanges. The counterparties selected for over-the-counter derivatives trading are large legitimate and qualified commercial banks, investment banks and other financial institutions, avoiding credit risks related to trading.

III. ACCOUNTING POLICIES AND ACCOUNTING PRINCIPLES

The Company applies corresponding accounting treatments for the futures and other derivatives trading business it intends to engage in in accordance with the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Enterprises No. 37 – Presentation and Reporting of Financial Instruments, the Accounting Standards for Enterprises No. 39 – Fair Value Measurement and other relevant regulations and guidelines of the Ministry of Finance, shows the results in the relevant items of the balance sheet and the income statement. The Accounting Standards for Enterprises No. 24 – Hedge Accounting is not applicable to the Company. Therefore, the Company does not adopt hedge accounting temporarily.

IV. THE IMPACT ON THE COMPANY

1. The Company and its subsidiaries use various financial derivatives to take precautions against price fluctuation risks, ensuring the Company’s financial security and the sustainable development of its main business.
2. The futures and other derivatives of the Company and its subsidiaries are traded on open markets both at home and abroad, featuring high transparency, heavy trading, high liquidity and low credit risk. The transaction and settlement prices can fully reflect the fair values of futures and other derivatives.
3. The futures and other derivatives trading business of the Company and its subsidiaries meets the actual needs of the Company’s production and operation. The risks related to the business are controllable. The business does not harm the interests of all shareholders.

**RESOLUTION REGARDING THE CONDUCTING OF
GOLD LEASING AND HEDGING PORTFOLIO BUSINESS IN 2024**

Dear Shareholders and Shareholders' representatives,

To avoid the impacts of fluctuations in gold prices during lease of gold on production and operation, the Company and its subsidiaries intend to engage in gold leasing and hedging portfolio business with the Shanghai Gold Exchange, the Shanghai Futures Exchange, banks and other financial institutions, locking costs of leasing. The maximum contract value is estimated to be not more than RMB17.42 billion or its equivalents in other currencies. The sources of funds are equity funds and the lines of credit from banks and other financial institutions. The Company's application for gold leasing and hedging portfolio business in 2024 is now as follows:

I. BUSINESS OVERVIEW**(1) Purpose of trading**

To avoid the impacts of fluctuations in gold prices during lease of gold on production and operation and ensure the continuous operation and stable performance of the Company, the Company intends to engage in gold leasing and hedging portfolio business with the Shanghai Gold Exchange, the Shanghai Futures Exchange, banks and other financial institutions, locking costs of leasing and improving the Company's production and operation and the power to resist risks. The above-mentioned hedging business carried out by the Company and its subsidiaries is based on the specific development of gold leasing, following the principles of legality, prudence, safety and effectiveness, and it will not affect the development of the Company's main business.

(2) Trading amount

According to the Company's annual gold leasing plan, from 1 January 2024 to 31 December 2024, the maximum contract value of gold leasing and hedging portfolio business of the Company intends to engage in is not more than RMB17.42 billion or its equivalents in other currencies. Within the aforementioned maximum amount, it can be used on a rolling basis.

(3) Sources of funds

The funds used by the Company and its subsidiaries for gold leasing and hedging portfolio business are equity funds and the lines of credit from banks and other financial institutions (mainly the lines of credit from financial institutions), and do not involve proceeds.

(4) Trading methods

1. Exchanges: According to the actual business needs of the Company, the Company intends to engage in gold leasing and hedging portfolio business with the Shanghai Gold Exchange and the Shanghai Futures Exchange, and derivatives include but are not limited to gold deferred, gold forwards, gold swaps and gold futures.
2. Over-the-counter counterparties for trading and the necessity of transactions: The Company intends to engage in over-the-counter gold leasing and hedging business through commercial banks and other financial institutions (non-related party institutions) approved by regulatory authorities and qualified for derivatives trading business. Due to the over-the-counter derivatives have the advantage of higher flexibility compared to on-the-counter derivatives, they can be more suitable for the Company's gold leasing and hedging business and can reduce the occupation of derivatives transactions for the Company's working capital.

(5) Implementing subjects

According to the business, the implementing subjects are the Company and its subsidiaries.

(6) Term of authorization

The term of authorization is from 1 January 2024 to 31 December 2024. It shall take effect upon approval by the general meeting of shareholders.

II. RISKS ANALYSIS AND RISK CONTROL MEASURES**(1) Analysis of risks related to derivatives trading business**

The hedging business trading of the Company and its subsidiaries' lease of gold always aims to avoid the risk of fluctuations in gold prices during the lease of gold, but there may still be some risks in the course of business:

1. Operational risks: Hedge takes professional skills, and it is complex. An incomplete internal control mechanism or mistakes may cause risks.
2. Technical risks: Due to software or hardware failures or other failures, the trading system may malfunction, resulting in delays, interruptions or data errors of trading instructions. Changes of trading rules that are not conducive to the Company due to force majeure may cause relevant risks.
3. Other risks: Relevant businesses may be affected by factors such as global politics, wars, the economy and changes of laws, and they may face risks due to counterparty defaults, etc.

(2) Risk control measures

1. The Company strictly manages authorization, and the sizes shall be subject to the approval of the Board of Directors and shareholders' meeting. Trading beyond limits is not allowed unless it gets approval.
2. The Company has established a risk management system and an internal control mechanism for lease of gold, covering all aspects of precautions, monitoring and settlement.
3. The Company conducts transactions on the Shanghai Gold Exchange, the Shanghai Futures Exchange and large legitimate and qualified commercial banks, avoiding credit risks related to trading.

III. ACCOUNTING POLICIES AND ACCOUNTING PRINCIPLES

The Company applies corresponding accounting treatments for gold leasing and hedging portfolio business the Company engages in in accordance with the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Enterprises No. 37 – Presentation and Reporting of Financial Instruments and other relevant regulations and guidelines of the Ministry of Finance shows the results in the relevant items of the balance sheet and the income statement. The Accounting Standards for Enterprises No. 24 – Hedge Accounting is not applicable to the Company. Therefore, the Company does not adopt hedge accounting temporarily.

IV. THE IMPACT ON THE COMPANY

1. The gold leasing and hedging portfolio business carried out by the Company and its subsidiaries achieve the effect of locking costs of leasing and ensuring the Company's financial security and the sustainable development of its main business.
2. The gold leasing and hedging portfolio business conducted by the Company and its subsidiaries meet the actual needs of the Company's production and operation. Related risks are controllable. The business does not harm the interests of all shareholders.