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**SD-GOLD**

**SHANDONG GOLD MINING CO., LTD.**

**山東黃金礦業股份有限公司**

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

**(Stock Code: 1787)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Set out below is the Announcement on the Provision for Asset Impairment in 2023 published by Shandong Gold Mining Co., Ltd. (the “**Company**”) on the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn), for information purpose only.

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

Jinan, the PRC, 28 March 2024

*As at the date of this announcement, 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.*

**SHANDONG GOLD MINING CO., LTD.**  
**ANNOUNCEMENT ON THE PROVISION FOR ASSET IMPAIRMENT IN 2023**

**The board of directors of the Company and all its directors guarantee that, this announcement does not contain any false information, misleading statement or material omission, and accept responsibility for the authenticity, accuracy and completeness of the contents of this announcement.**

The 58th meeting of the sixth session of the board of directors and the 34th meeting of the sixth session of the supervisory committee of Shandong Gold Mining Co., Ltd. (hereinafter referred to as the "Company") was convened on 28 March 2024, at which the Resolution on the Company's Provision for Asset Impairment in 2023 was considered and approved. The relevant information is hereby announced as follows:

**I. OVERVIEW OF THE PROVISION FOR ASSET IMPAIRMENT**

(I) Reasons for the provision for asset impairment

In order to reflect the Company's financial condition and assets value more truthfully, accurately and objectively, the Company and its subsidiaries conducted a comprehensive inventory of various assets as at the end of 2023 in accordance with the Accounting Standards for Business Enterprises and relevant accounting policies of the Company, and have evaluated and tested the impairment of assets. Among them, a special test was carried out on the recoverable amount of goodwill assets, and a corresponding impairment provision has been made for the relevant assets.

(II) The scope of assets, total amount and reporting period to be included in for the provision for asset impairment

Fixed assets, inventories, accounts receivable, other receivables and other current assets have been impaired after reviewing assets that may show any indication of impairment and conducting impairment test on assets as at the end of 2023 by the Company and its subsidiaries.

In the financial statements for 2023 under the Chinese Accounting Standards, the provision made for impairment of various asset amounted to RMB69,590,165.16 in total, the

breakdown of which are set out in the table below:

Unit: RMB

Category	Asset	Amount of provision for asset impairment in 2023
Provision for asset impairment	Fixed assets	4,268,805.07
Provision for inventory impairment	Inventories	3,807,607.63
Provision for impairment of financial instruments	Accounts receivable	3,942,900.44
	Other receivables	56,540,112.31
	Other current assets	1,030,739.71
Total		69,590,165.16

## II. PARTICULARS OF THE PROVISION FOR ASSET IMPAIRMENT

### (I) Explanation on the provision for asset impairment

#### 1. Provision for asset impairment

According to Accounting Standards for Business Enterprises No.8 - Impairment of Assets (Cai Kuai (2006) No.3), in order to fairly reflect the value of the Company's various assets at the end of the reporting period, the Company determines whether there is any indication of impairment of fixed assets on the balance sheet date. If there is an indication of impairment, the Company will estimate its recoverable amount and conduct an impairment test. If the impairment test results show that the recoverable amount of fixed assets is lower than their carrying amount, an impairment provision shall be made based on the difference and included in the impairment loss.

According to the test results, the Company should make a provision for impairment of RMB4,268,805.07 for fixed assets.

#### 2. Provision for inventory impairment

According to the Accounting Standards for Business Enterprises No.1 - Inventories (Cai Kuai (2006) No.3), on the balance sheet date, the Company's inventories are measured

at the lower of cost or net realizable value. When its net realizable value is lower than its cost, a provision for inventory write-downs is made. If the factors affecting previous write-downs of inventories have disappeared, resulting in the net realizable value of inventories being higher than their carrying amount, the provision for inventory write-downs is reversed within the amount originally provided for, and the reversal is recognized in profit or loss for the period.

According to the test results, the Company should make a provision for impairment of RMB3,807,607.63 for inventory.

### 3. Provision for impairment of financial instruments

According to the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments (Cai Kuai (2017) No.7), the Company recognizes the loss provision based on expected credit losses. The Company calculates the probability-weighted amount of the present value of the difference between the cash flow of contract receivables and the cash flow expected to be received (weighted at the risk of default) taking into account of reasonable and supportable information such as past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

After calculation, the Company should make a provision for impairment of financial instruments of RMB61,513,752.46, including the impairment provision for accounts receivable of RMB3,942,900.44, the impairment provision for other receivables of RMB56,540,112.31 and the impairment provision for other current assets of RMB1,030,739.71.

(II) Difference of the provision with the impairment provision under International Accounting Standards

Under the International Financial Reporting Standards, the impairment provision made for the current period is RMB69,590,165.16, which is no difference from the financial statements under the Chinese Accounting Standards.

## **III. IMPACT OF THE PROVISION FOR IMPAIRMENT ON THE FINANCIAL POSITION OF THE COMPANY**

The provision for asset impairment amounting to RMB69,590,165.16 in 2023 is fully included in profit or loss for 2023, which will reduce the total profit for 2023 by RMB69,590,165.16 correspondingly.

#### **VI. EXPLANATION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS ON THE REASONABLENESS OF THE PROVISION FOR ASSET IMPAIRMENT**

The Company's provision for asset impairment in 2023 complies with and is in line with the regulations of the Accounting Standards for Business Enterprises and relevant systems of the Company. The basis for making provision for asset impairment is sufficient and in line with current operating condition of the Company. The Company's provision for asset impairment is based on the principle of prudence, which will help more fairly reflect the financial condition and assets value of the Company as at 31 December 2023, so that the Company's accounting information is more reasonable. The audit committee agrees with the provision for asset impairment and submits the same to the board of directors for consideration.

#### **V. EXPLANATION OF THE BOARD OF DIRECTORS ON THE REASONABLENESS OF THE PROVISION FOR ASSET IMPAIRMENT**

The 58th meeting of the sixth session of the board of directors of the Company has considered and approved the Resolution on the Company's Provision for Asset Impairment in 2023. The board of directors believes that based on the judgment of actual situation and impairment tests and in accordance with the principle of prudence, the Company's provision for asset impairment complies with and is in line with the regulations of the Accounting Standards for Business Enterprises and relevant systems of the Company, which is in line with the regulations and the actual situation, and helps fairly reflect the financial condition and assets value of the Company and ensures the fairness and rationality of the Company's accounting information.

#### **VI. OPINIONS OF THE SUPERVISORY COMMITTEE**

In the opinion of the supervisory committee, the Company's provision for asset

impairment is made in accordance with relevant provisions of the Accounting Standards for Business Enterprises, which fairly reflects the financial condition and assets value of the Company, and will not adversely affect corporate governance and legal and compliant operations, without prejudice to the interests of the Company and its shareholders as a whole, especially minority shareholders.

The Board of Directors of Shandong Gold Mining Co., Ltd.

28 March 2024