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SD-GOLD

SHANDONG GOLD MINING CO., LTD.

山東黃金礦業股份有限公司

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

(Stock Code: 1787)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

ANNUAL RESULTS HIGHLIGHTS OF 2023

- The Group's revenue for the year ended 31 December 2023 was approximately RMB59,275.28 million, representing an increase of approximately 17.83% as compared to the corresponding period of last year;
- The Group's profit of the year for the year ended 31 December 2023 was approximately RMB2,823.24 million, representing an increase of approximately 108.54% as compared to the corresponding period of last year;
- Profit for the year attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB2,267.38 million, representing an increase of approximately 89.99% as compared to the corresponding period of last year;
- Basic earnings per share of the Company for the year ended 31 December 2023 was RMB0.4, as compared to basic earnings per share of the Company of RMB0.19 for the corresponding period of last year;
- The Board proposed the payment of a final dividend of RMB1.4 per 10 Shares (tax inclusive) for the year ended 31 December 2023.

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2023, which is an extract of the audited consolidated financial statements of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

		For the year ended	
		31 December	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
			(Restated)
Revenue	3	59,275,275	50,305,754
Cost of sales		<u>(50,647,596)</u>	<u>(44,138,322)</u>
Gross profit		8,627,679	6,167,432
Selling expenses		(147,179)	(176,421)
General and administrative expenses		(2,614,946)	(2,465,844)
Research and development expenses		(487,195)	(399,567)
Other income		28,494	26,070
Other income and (losses), net		(510,713)	(318,771)
Finance income		145,110	85,147
Finance costs		(1,568,275)	(1,051,000)
Share of results of associates		<u>15,237</u>	<u>35,273</u>
Profit before tax		3,488,212	1,902,319
Income tax expenses	5	<u>(664,969)</u>	<u>(548,525)</u>
Profit for the year		<u>2,823,243</u>	<u>1,353,794</u>
Profit for the year attributable to:			
Holder of equity instruments of the Company			
– Ordinary shares		1,803,893	840,337
– Perpetual bonds		<u>463,490</u>	<u>353,096</u>
		2,267,383	1,193,433
– Non-controlling interests		<u>555,860</u>	<u>160,361</u>
		<u>2,823,243</u>	<u>1,353,794</u>
Earnings per share			
– Basic and diluted (RMB)	6	<u>0.4</u>	<u>0.19</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	For the year ended	
	31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Profit for the year	2,823,243	1,353,794
Other comprehensive (expenses)/income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(14,129)	469,582
Other comprehensive (expenses)/income	(14,129)	469,582
Total comprehensive income for the year	2,809,114	1,823,376
Total comprehensive income for the year attributable to:		
Holders of equity instruments of the Company		
– Ordinary shares	1,791,442	1,309,919
– Perpetual bonds	463,490	353,096
	2,254,932	1,663,015
– Non-controlling interests	554,182	160,361
	2,809,114	1,823,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<i>Notes</i>	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		50,357,955	37,028,403
Investment properties		164,392	176,190
Right-of-use assets		1,492,974	852,397
Intangible assets		32,988,312	20,556,647
Goodwill		11,475,523	1,673,190
Investments in associates		2,521,951	1,988,901
Financial assets at fair value through other comprehensive income		28,720	7,900
Financial assets at fair value through profit or loss		4,829,857	5,160,074
Inventories		1,135,305	1,415,830
Deferred income tax assets		722,744	364,706
Other non-current assets		668,928	591,840
		<u>106,386,661</u>	<u>69,816,078</u>
Current assets			
Inventories		8,848,047	4,092,280
Prepayment, trade and other receivables	7	5,352,317	4,683,615
Prepaid income tax		41,983	105,146
Financial assets at fair value through profit or loss		4,165,391	2,959,904
Restricted bank deposits		1,871,539	1,880,825
Bank balances and cash		8,352,903	7,753,482
		<u>28,632,180</u>	<u>21,475,252</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AS AT 31 DECEMBER 2023

		As at 31 December 2023	As at 31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Current liabilities			
Trade and other payables	8	19,976,443	13,144,075
Lease liabilities		47,906	64,506
Current income tax liabilities		529,476	303,418
Borrowings		27,932,634	9,780,631
Financial liabilities at fair value through profit or loss		801,362	11,265,745
Current portion of other non-current liabilities		205,055	131,562
		49,492,876	34,689,937
Net current liabilities		(20,860,696)	(13,214,685)
Total assets less current liabilities		85,525,965	56,601,393
Non-current liabilities			
Borrowings		23,211,331	13,548,305
Lease liabilities		108,361	143,670
Deferred income tax liabilities		6,826,963	4,137,729
Deferred revenue		12,787	16,084
Provision for asset retirement obligations		842,789	733,117
Other non-current liabilities		1,226,020	1,206,566
		32,228,251	19,785,471
Net assets		53,297,714	36,815,922
Capital and reserves			
Share capital	9	4,473,430	4,473,430
Treasury shares		–	–
Reserves		18,667,125	18,533,645
		23,140,555	23,007,075
Perpetual bonds		9,938,377	9,937,528
Non-controlling interests		20,218,782	3,871,319
Total equity		53,297,714	36,815,922

NOTES

1 GENERAL INFORMATION

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

2.1.1 *Going concern*

As at 31 December 2023, the Group's recorded current liabilities exceeded its current assets by approximately RMB20,860,696,000. The directors of the Company are of the opinion that the Group will have adequate funds to finance its future financing requirements and working capital based on the following considerations:

- (a) The Group is expected to be profitable and hence continue to generate operation cash inflows from its future business operations.
- (b) The Group has maintained long business relationship with its principal bankers and the principal bankers have confirmed their willingness to provide banking facilities of not less than approximately RMB48,000,000,000 as at 31 December 2023 and available at least next twelve months from the date of these consolidated financial statements.

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

2.1.2 *Changes in the principal accounting policies and disclosures*

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

In the current year, the Group has applied, for the first time the following new and amendments to standards to IFRSs issued by the IASB which are effective for the Group's financial year beginning 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

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

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies as set out in note 2.

Impact on application of Amendments to IAS 8 – Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The Group recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented. This change in accounting policy did not have any impact on the cash flows for the years ended 31 December 2022 and 2023. The quantitative impact on the financial statements is summarised below.

Impact on basic and diluted earnings per share:

	For the year ended	
	31 December	
	2023	2022
	RMB	<i>RMB</i>
Basic and diluted earnings per share before adjustment	0.40	0.19
Adjustment arising from change in accounting policy in relation to application of amendments to IAS 12	—	—
Reported basic and diluted earnings per share	0.40	0.19

The effects of change in accounting policies as a result of application of amendments to IAS 12 on the consolidated statements of financial position at the end of the immediately preceding financial year, 31 December 2022, and the beginning of the comparative period, 1 January 2022, are as follows:

	As at	Adjustment	As at
	31 December		31 December
	2022		2022
	(Originally		(Restated)
	stated)		RMB'000
	RMB'000	RMB'000	RMB'000
Deferred tax assets	289,468	75,238	364,706
Deferred tax liabilities	(4,076,245)	(61,484)	(4,137,729)
Total effect on net assets	(3,786,777)	13,754	(3,773,023)
Non-controlling interests	3,870,781	538	3,871,319
Reserves	18,520,429	13,216	18,533,645
Total effect on equity	22,391,210	13,754	22,404,964
	As at		As at
	1 January		1 January
	2022	Adjustment	2022
	(Originally		(Restated)
	stated)		RMB'000
	RMB'000	RMB'000	RMB'000
Deferred tax assets	475,874	75,386	551,260
Deferred tax liabilities	(4,793,109)	(63,963)	(4,857,072)
Total effect on net assets	(4,317,235)	11,423	(4,305,812)
Non-controlling interests	2,632,225	281	2,632,506
Reserves	18,612,130	11,142	18,623,272
Total effect on equity	21,244,355	11,423	21,255,778

Impact on the consolidated statements of profit or loss:

	Increase	
	For the year ended	
	31 December	
	2023	2022
	RMB'000	RMB'000
Income tax credit	(8,918)	(2,331)
Profit for the year	8,918	2,331
Profit for the year attributable to:		
Ordinary shares of the Company	4,070	2,074
Non-controlling interests	4,848	257
	8,918	2,331
Total comprehensive income for the year	8,918	2,331
Total comprehensive income for the year attributable to:		
Ordinary shares of the Company	4,070	2,074
Non-controlling interests	4,848	257
	8,918	2,331

(b) Amendments to standards in issue but not yet effective

New and amendments to standards, including IFRSs, IAS, amendments and interpretations, which are not yet effective for the financial year commencing on 1 January 2023 and have not been applied in preparing these consolidated financial statements are listed below:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

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

² Effective for annual periods beginning on or after 1 January 2025

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

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

3 REVENUE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Sales of gold bullion, gold related products and others	59,185,816	50,008,737
Brokerage and other fees earned from trading of futures contracts	<u>76,380</u>	<u>276,983</u>
Revenue from other sources	<u>59,262,196</u>	<u>50,285,720</u>
Rental income from investment properties	<u>13,079</u>	<u>20,034</u>
	<u>59,275,275</u>	<u>50,305,754</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	<u>59,262,196</u>	<u>50,285,720</u>

4 SEGMENT INFORMATION

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

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

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

Segment revenue and results

For the year ended 31 December 2023

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Trading RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Revenue	17,214,709	37,297,493	15,045,530	3,435,564	(13,718,021)	59,275,275
Less: inter-segment revenue	<u>(13,535,387)</u>	<u>(153,514)</u>	<u>(29,120)</u>	<u>–</u>	<u>13,718,021</u>	<u>–</u>
Revenue from external customers	<u>3,679,322</u>	<u>37,143,979</u>	<u>15,016,410</u>	<u>3,435,564</u>	<u>–</u>	<u>59,275,275</u>
Operating profit	4,532,844	10,200	54,114	418,883	(119,901)	4,896,140
Finance income	141,988	6,744	44,021	24,819	(72,462)	145,110
Finance costs	(1,411,548)	(5,909)	(205,186)	(18,094)	72,462	(1,568,275)
Share of results of associates	<u>15,221</u>	<u>–</u>	<u>16</u>	<u>–</u>	<u>–</u>	<u>15,237</u>
Profit/(loss) before tax	3,278,505	11,035	(107,035)	425,608	(119,901)	3,488,212
Income tax (expenses)/credit	<u>(687,512)</u>	<u>(916)</u>	<u>107,939</u>	<u>(84,480)</u>	<u>–</u>	<u>(664,969)</u>
Profit for the year	<u>2,590,993</u>	<u>10,119</u>	<u>904</u>	<u>341,128</u>	<u>(119,901)</u>	<u>2,823,243</u>

As at 31 December 2023

	Gold Mining <i>RMB'000</i>	Gold Refining <i>RMB'000</i>	Investment Management <i>RMB'000</i>	Trading <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Total assets	<u>92,947,582</u>	<u>4,180,546</u>	<u>21,442,584</u>	<u>23,626,482</u>	<u>(7,178,353)</u>	<u>135,018,841</u>
Including:						
Investments in associates	<u>2,517,843</u>	<u>–</u>	<u>4,108</u>	<u>–</u>	<u>–</u>	<u>2,521,951</u>
Total liabilities	<u>67,629,366</u>	<u>3,356,336</u>	<u>12,409,797</u>	<u>5,503,981</u>	<u>(7,178,353)</u>	<u>81,721,127</u>

For the year ended 31 December 2022 (Restated)

	Gold Mining <i>RMB'000</i>	Gold Refining <i>RMB'000</i>	Investment Management <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	15,853,951	35,218,678	11,854,029	(12,620,904)	50,305,754
Less: inter-segment revenue	<u>(12,027,992)</u>	<u>(592,860)</u>	<u>(52)</u>	<u>12,620,904</u>	<u>–</u>
Revenue from external customers	<u>3,825,959</u>	<u>34,625,818</u>	<u>11,853,977</u>	<u>–</u>	<u>50,305,754</u>
Operating profit/(loss)	2,934,162	36,946	(129,544)	(8,665)	2,832,899
Finance income	425,922	6,189	36,370	(383,334)	85,147
Finance costs	(1,233,444)	(2,050)	(198,840)	383,334	(1,051,000)
Share of results of associates	<u>35,209</u>	<u>–</u>	<u>64</u>	<u>–</u>	<u>35,273</u>
Profit/(loss) before tax	2,161,849	41,085	(291,950)	(8,665)	1,902,319
Income tax (expenses)/credit	<u>(592,362)</u>	<u>(8,316)</u>	<u>52,153</u>	<u>–</u>	<u>(548,525)</u>
Profit/(loss) for the year	<u>1,569,487</u>	<u>32,769</u>	<u>(239,797)</u>	<u>(8,665)</u>	<u>1,353,794</u>

As at 31 December 2022 (Restated)

	Gold Mining <i>RMB'000</i>	Gold Refining <i>RMB'000</i>	Investment Management <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Total assets	<u>76,366,274</u>	<u>3,773,511</u>	<u>16,072,510</u>	<u>(4,920,965)</u>	<u>91,291,330</u>
Including:					
Investments in associates	<u>1,984,809</u>	<u>–</u>	<u>4,092</u>	<u>–</u>	<u>1,988,901</u>
Total liabilities	<u>45,338,594</u>	<u>2,914,901</u>	<u>11,151,543</u>	<u>(4,929,630)</u>	<u>54,475,408</u>

5 INCOME TAX EXPENSES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Current income tax:		
– Within the PRC	1,023,074	1,233,410
– Outside the PRC	62,142	40,602
	<u>1,085,216</u>	<u>1,274,012</u>
Deferred income tax	(420,247)	(725,487)
	<u>664,969</u>	<u>548,525</u>

6 EARNINGS PER SHARE

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

	2023	2022 (Restated)
Profit attributable to owners of the Company (<i>RMB'000</i>)	1,803,893	840,337
Weighted average number of shares in issues (<i>thousands of shares</i>)	4,473,430	4,473,430
Basic earnings per share (<i>RMB per share</i>)	<u>0.40</u>	<u>0.19</u>

As the Company did not have any dilutive instruments during the years ended 31 December 2023 and 2022, the Group's diluted earnings per share was the same as its basic earnings per share.

7 PREPAYMENT, TRADE AND OTHER RECEIVABLES

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

	As at 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	523,858	125,094
1–2 years	6,937	1,425
2–3 years	572	2,362
Over 3 years	8,886	24,342
	<u>540,253</u>	<u>153,223</u>
Less: Impairment of trade receivables	(20,288)	(12,042)
	<u>519,965</u>	<u>141,181</u>

8 TRADE AND OTHER PAYABLES

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	2,602,006	1,823,030
1–2 years	11,092	18,124
2–3 years	5,417	4,079
Over 3 years	8,233	7,400
	<u>2,626,748</u>	<u>1,852,633</u>

9 SHARE CAPITAL

Shares, issued and fully paid:

	As at 31 December 2023		As at 31 December 2022	
	Number of shares (<i>thousands</i>)	Share capital <i>RMB'000</i>	Number of shares (<i>thousands</i>)	Share capital <i>RMB'000</i>
A shares of RMB1.00 each				
– directly held by Shandong Gold Group	1,687,091	1,687,091	1,687,091	1,687,091
– held by other shareholders	1,927,353	1,927,353	1,927,353	1,927,353
	<u>3,614,444</u>	<u>3,614,444</u>	<u>3,614,444</u>	<u>3,614,444</u>
H shares of RMB1.00 each	858,986	858,986	858,986	858,986
	<u>4,473,430</u>	<u>4,473,430</u>	<u>4,473,430</u>	<u>4,473,430</u>

10 DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend for the year ended 31 December 2021 of RMB0.05 per share	–	223,671
Final dividend for the year ended 31 December 2022 of RMB0.07 per share	<u>313,140</u>	–
	<u>313,140</u>	<u>223,671</u>

On 29 March 2023, the board of directors of the Company proposed the payment of a final dividend for the year ended 31 December 2022 of RMB0.07 per share to the shareholders of the Company. Accordingly, the dividend paid during the year ended 31 December 2023 was approximately RMB313,140,000 (2022: RMB223,671,000). The payment of dividend has been resolved by the ordinary resolution in the shareholders' meeting of the Company on 7 June 2023.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Proposed final dividend after the date of the reporting period: RMB0.14 (2022: RMB0.07) per share	<u>626,280</u>	<u>313,140</u>

On 28 March 2024, the board of directors of the Company proposed the payment of a final dividend for the year ended 31 December 2023 of RMB0.14 per share to the shareholders of the Company. The payment of dividend will be proposed at the annual general meeting of the Company.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

Business Scope

During the Reporting Period, the Company's approved business scope was mainly: exploration, mining, beneficiation and sales of gold and non-ferrous metal, production, processing and sales of specialized equipment for gold mines and construction and decoration materials (excluding products restricted by national laws and regulations). The Company's main products include standard gold bullions, investment gold bars, alloy gold and silver ingots.

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

Operating Model

Large-scale production and operation

The Company focuses on the development and utilization of gold mineral resources. By adopting the gold production model of scattered mining and beneficiation and centralized smelting, the Company has utilized the mechanized and large-scale mining equipment, the automated transportation and lifting system, and the intelligent beneficiation technology to realize the large-scale, intensive and mechanized mining of gold resources. Relying on the world's third largest gold mineralization belt, national-level integrated exploration area, and world-class extra-large gold mine enrichment area in the east region of Jiaodong Peninsula, the Company will accelerate the construction of a world-class gold resource industry base. Among them, the resource integrated development project of Jiaojia Gold Mine and Xincheng Gold Mine has become the first non-coal mine construction project selected into the Shandong Province's major implementation project database since the "14th Five-Year Plan" period. Mining enterprises have accelerated the expansion of capacity and boundary and the increase of reserves by exploration, so as to integrate surrounding mining rights resources and extend the service life of existing mines. The Company has successfully acquired Yintai Gold, Daqiao Gold Mine mining rights and other projects, further increasing its gold resource reserves and production capacity.

Lean operation and control

The Company has a complete industrial chain integrating resource acquisition, geological exploration, mine production, equipment manufacturing, and industrial finance, and has formed a full-process closed-loop management system of plan release, process control, indicator implementation, and assessment and evaluation. In 2023, the Company completed the preparation of the first group-based standard in the gold industry – “Shandong Gold Technical Management Standard”, realizing the standardization and specification of production management, technical management, and site management of mining enterprises. A series of technology improvement activities such as “whole-process metal balancing” and strengthening of “five rate” indicators management were carried out, as thus the level of lean management was significantly improved. The Company achieved a feed grade of 1.88 g/t of raw ore in underground mines, representing a year-on-year increase of 2.17%; a mining loss rate of 4.82%, representing a decrease of 0.36 percentage point; an ore dilution rate of 5.75%, representing a decrease of 0.04 percentage point during the Reporting Period; a recovery rate of mineral processing of 92.96%, which is the same as that of 2022 (Excluding Yintai Gold data).

Technology and innovation-driven model

The Company insists on in-depth implementation of the innovation-driven development strategy, attaches great importance to improving independent innovation capabilities, and continues to increase investment in technological innovation. In 2023, research and development investment increased by 25.99% year-on-year. Two of its subsidiaries have been approved in respect of provincial and municipal innovation platforms such as corporate research and development centers, and two have been newly awarded scientific and technological enterprise titles such as gazelle company and small and medium-sized high-tech company. The Company has successfully won two provincial science and technology progress awards and 30 association awards. During the year, we applied for 259 patents and obtained 173 authorized patents; we took the lead or participated in the formulation of six standards, achieving a breakthrough of “zero” participation in the formulation of international standards. The “13th Five-Year Plan” national key research and development plan project that we took the lead for the first time passed the acceptance with an excellent score of 91 points.

Safe and green development

The Company has made precise efforts in improving the institutional system, strengthening education and training, upgrading equipment level and strictly rewarding and punishing assessment to strengthen the foundation of safety production and comprehensively improve the intrinsic safety level. The Company thoroughly implemented the concept of green development, actively carried out the “carbon peaking and carbon neutral” work, and formulated the Company’s carbon peaking action plan in a scientific and rational way. The Company accelerated the promotion and application of clean energy, update of obsolete equipment, energy-saving and low-carbon technological transformation and other related work, and comprehensively build green exploration, green mines, and green factory development model, with all its green mines passing the green mine on-site inspection in 2023, which remained in the green mine directory. Sanshandao Gold Mine’s “Shandong Province Gold Mine Green Mine Standardization Pilot Project” passed the acceptance inspection; relying on the Company’s green mines, SDG Group was awarded the title of “China Green Ecological Research Base” (jointly issued by the Green Mine Promotion Committee of China Council for the Promotion of Environment and Forestry and Beijing Research Center of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era), constantly increasing the ecological and environmental protection.

Industry Development and the Position of the Company in the Industry

The development of the gold industry is deeply affected by changes in the global political and economic situation. In 2023, due to the combined impact of a series of factors such as the continued decline in global inflation, the gradual shift in the Federal Reserve’s monetary policy, the unexpected outbreak of the banking crisis in the United States and Europe, and frequent geopolitical risk events, gold prices at home and abroad have reached record highs. The role of gold for avoiding risks and preserving value has been further enhanced, and its attractiveness in the allocation of large types of assets has continued to increase.

During the Reporting Period, the international macroeconomic and geopolitical situation were complex and ever-changing. On one hand, in an environment where overall global inflation is falling, market expectations for the United States and European central banks to shift to looser monetary policies are gradually increasing. On the other hand, due to the significant increase in fiscal spending, the economy of the United States remains resilient, causing the Federal Reserve’s monetary policy expectations to change repeatedly. In addition, the banking crisis in the United States and Europe and the unexpected outbreak of the Palestinian-Israeli conflict have also caused greater uncertainty in the global political and economic situation.

During the Reporting Period, gold prices overall showed a volatile upward trend. Against the background of the Federal Reserve’s gradual shift in monetary policy towards easing and global geopolitical turmoil, investment and consumer demand for gold were strong, and many central banks around the world continued to increase their gold holdings. The international spot gold price in 2023 ranged from the highest of US\$2,146/ounce to the lowest of US\$1,804/ounce, with a maximum volatility of US\$342/ounce; closed at US\$2,062/ounce at the end of the year, up by approximately 13% as compared to the closing price at the end of last year. The domestic gold price was stronger than the international gold price. The contract price of Shanghai Gold Exchange Au (T+D) reached the highest of RMB485/g and the lowest of RMB408.08/g, and closed at RMB479.91/g at the end of the year, representing an increase of approximately 17% over the closing price of RMB409.76/g at the end of last year.

During the Reporting Period, global gold demand fell slightly but domestic gold demand continued to grow. According to statistics of the World Gold Council, total global gold demand (excluding OTC transactions) in 2023 was 4,448 tonnes, representing a decrease of 5% as compared to 2022 when demand was strong. Central banks of economies continued to purchase gold on a large scale, with net gold purchases for the year totaling 1,037 tonnes, only 45 tonnes less than the historical record in 2022. Statistics from the China Gold Association show that the national gold consumption in 2023 was 1,089.69 tonnes, representing an increase of 8.78% as compared to the same period in 2022. They included gold jewelry of 706.48 tonnes, representing a year-on-year increase of 7.97%; gold bars and gold coins of 299.60 tonnes, representing a year-on-year increase of 15.70%; and industrial and other gold products of 83.61 tonnes, representing a year-on-year decrease of 5.50%. In addition, the People's Bank of China increased its gold holdings by 224.88 tonnes during the year. As of the end of 2023, our country's gold reserves were 2,235.41 tonnes.

During the Reporting Period, the total amount of gold traded on the domestic gold exchanges recorded a year-on-year increase. According to the Statistics of the China Gold Association, the accumulated bilateral trading volume of all gold products on the Shanghai Gold Exchange in 2023 was 41,500 tonnes (unilateral: 20,800 tonnes), representing a year-on-year increase of 7.09%, with a bilateral turnover of RMB18.57 trillion (unilateral: RMB9.28 trillion), representing a year-on-year increase of 22.31%. The accumulated bilateral trading volume of all gold products on the Shanghai Futures Exchange was 124,200 tonnes (unilateral: 62,100 tonnes), representing a year-on-year increase of 43.90%, with an accumulated bilateral turnover of RMB47.76 trillion (unilateral: RMB23.88 trillion), representing a year-on-year increase of 55.43%.

During the Reporting Period, the domestic gold production rose year-on-year. According to the China Gold Association, the gold produced with domestic raw materials was 375.155 tonnes in 2023, representing an increase of 0.84% year-on-year. Among them, the gold mine-produced gold was 297.258 tonnes, and the non-ferrous by-products was 77.897 tonnes. In addition, the gold produced from imported raw materials was 144.134 tonnes in 2023, representing a year-on-year increase of 14.59%, and a total of 519.289 tonnes of gold were produced nationwide, representing a year-on-year increase of 4.31%.

In 2023, the Company closely followed the annual target of “interconnecting internally and externally to leap forward” to scientifically formulate plans, strengthen dispatching and supervision, focus on key mining areas, enhance production organization, optimize production layout, so as to maximize potential, increase production and enhance efficiency. In 2023, the Company had the gold mine production volume of 41.78 tonnes (including the production of Yintai Gold after being consolidated into the Company's financial statements), representing 14.06% of the total gold production volume of mining enterprises in the PRC in 2023. Shandong Gold had ten mines with an annual production of more than 1 tonne of gold in 2023, of which the domestic mines produced a total of 35.34 tonnes of gold, representing a year-on-year increase of 8.37% and boasting of the listed company with the highest gold production of domestic mines in the PRC, and continued to maintain its leading position in the domestic gold industry.

ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Strategic Advantage

The Company firmly grasped the theme of high-quality development, strengthened the role of strategic leadership, adhered to the drive of reform and innovation, and concentrated on the development of the main business. Focusing on the development concept of “Safe Shandong Gold, Ecological Shandong Gold, Vibrant Shandong Gold and Humanistic Shandong Gold”, and adhering to the philosophy that “technology is the primary productive force and innovation is the first driving force”, the Company continued to increase investment in research and development, focused on the core technologies of the industry, accelerated the building of scientific research platforms, actively developed and promoted new technologies, new equipment and new processes, steadily pushed forward digital transformation and the construction of intelligent mines, and activated the endogenous development momentum. Adhering to concept of “resource first, efficiency focused, innovation centered” in an unswerving manner, the Company internally strengthened exploration to increase reserves, so as to ensure the rapid release of overall production capacity in key areas; and relying on the resource integration in important metallogenic zones, the Company externally acquired quality resources in an active manner, so as to continuously consolidate our leading position. Meanwhile, the Company promoted the construction of overseas infrastructure mine enterprises, stabilized the output of in-production mine enterprises, and enhanced the operational capacity of overseas production areas, striving to create a model for high-quality development of overseas mining operations. Acting on the concept that “lucid waters and lush mountains are invaluable assets”, the Company continuously improved the safety and environmental protection management system, and collaborated in promoting carbon reduction, pollution reduction, green expansion and growth, accelerating the formation of a new mode of mining development in line with the requirements of ecological civilization. The Company always placed production safety in the position of “more important than everything else, prior to everything else, higher than everything else, and overriding everything else”, promoted comprehensive upgrading of mining enterprises in terms of management reform, technological innovation and process optimization to build up safety production defenses and consolidate the foundation of intrinsic safety, steadily promoting the level of healthy, sustainable and high-quality development.

Advantage in Resource Superiority

The Company has been upholding the concept of “resource first, efficiency focused, innovation centered” in an unswerving manner, continuously expanding its resource reserves, upgrading the quality of its resources, enhancing its core competitiveness and strengthening its resource advantages. The Company carried out the exploration of self-owned mining rights and the acquisition of resources in parallel, gave full play to the main role of mining enterprises through finding mines by mines and focusing on the periphery and the deep part of the mines, conducted in-depth research on the metallogenic rules, and increased the investment in exploration, so as to provide strong impetus and resource support for the sustainable development of the mines. The Company continued to accelerate the exploration progress of greenfield projects, innovated exploration techniques, applied new technologies and new methods, studied and summarized mineralization theories, striving to make breakthroughs in prospecting. The Company successfully completed the merger and acquisition of control over Yintai Gold, won the bid for the mining right of Daqiao Gold Mine, facilitated the resource integration of Yanshan Mine Area in Penglai region in Shandong Province, and accelerated the acquisition of the exploration right of Xiling Gold Mine, which substantially increased the Company’s resource reserves, effectively extended the service life of the mines, and continuously promoted the Company’s high-quality development.

Advantage in the Company's Scale

The Company is mainly engaged in the development and utilization of gold mineral resources, and has always been in a leading position in the domestic mining industry in terms of equipment level and degree of mechanization of mines. The construction of an “international first-class exemplary mine” at Sanshandao Gold Mine has led the pace of mechanization, automation and intelligent construction of large and medium-sized mines of the Company. Through solidly promoting the project of replacing workers with machineries, the mechanization rate of mining operations of several enterprises, such as Xincheng Gold Mine and Jiaojia Gold Mine, has reached over 50% and the automation control rate of auxiliary production systems in mines has reached 80%, gradually improving the level of mechanization and automation. Shandong Gold Smelting Co., Ltd. has enjoyed a leading position in terms of national mine-produced gold processing and trading volume for many years. Jiaojia Gold Mine, Sanshandao Gold Mine, Xincheng Gold Mine and Linglong Gold Mine have been on the list of “China Top Ten Gold Mines in terms of Production Output” for several consecutive years, with the cumulative gold production all exceeding 100 tonnes, making the Company the only company which owns four mine enterprises, each with cumulative gold production exceeding 100 tonnes. According to the Statistics of the China Gold Association, Yintai Gold’s mine-produced gold in 2022 ranked seventh among listed gold companies in the country. Yintai Gold was also a mining company with higher gross profit margins among gold mines. Its net profit in 2022 ranked fifth among listed gold mining companies in the country.

Advantage in Scientific and Technological Innovation

Closely focusing on the cutting-edge technologies of the international mining industry, the Company continued to increase its investment in research and development by centering on the three major areas of deep resource exploration and exploitation, green mines and intelligent mining, further strengthened the management mechanism of research and development investment, and increased the guarantee of scientific research funding. Relying on major scientific and technological projects, the Company increased its efforts in scientific research, and made new progress in the research of deep resources development, green mines, high-end equipment and the construction of deep shafts by focusing on key projects. The national key research and development plan project of “Research & Development and Demonstration of Key Technologies for Green Mining of Deep Metal Mines” undertaken by the Company passed the acceptance of the Ministry of Science and Technology of the People’s Republic of China with a high score, and the split ring permanent magnet gearless ball mill self-developed by SDG Heavy Industry was successfully selected in the catalogue of “first set” in Shandong Province. Thanks to the rapid construction of Company’s scientific and technological innovation platform, a provincial enterprise technology center was approved for Xinjiang Jinchuan Mining Co., Ltd. (“**Xinjiang Jinchuan Mining**”), while SDG Heavy Industry was identified as a provincial specialized and new small and medium-sized enterprise, and Shandong Gold Mining (Xinhui) Co., Ltd. (“**Xinhui Company**”) was identified as a municipal “specialized and new”, innovative small and medium-sized enterprise. In addition, many subsidiaries applied for various scientific research platforms and titles, forming a new situation of all-round innovation and development. Under the guarantee of multi-level innovation system such as academician workstations, professional laboratories and grass-roots innovation studios, the Company will continue to carry out the research of relevant technologies and equipment such as prevention and control of ground pressure over 1,000

meters in depth, heat damage control of deep wells, prevention and control of water surges in downhole wells, highly efficient mining methods, paste filling process and resource utilization of tailings, as well as the research and application of the key technology of constructing and upgrading the first 2,000-metre ultra-deep wells in the country, so as to fill the technological blanks of deep resource development in the domestic metal mining field.

Talent Advantage

Shandong Gold gathers talents from all over the world with an open and inclusive attitude. It has firmly established the candidate selection and appointment direction of “morality first, equal stress on integrity and ability, emphasis on actual performance and public recognition”, and built three talent teams in “management, technology and skill” to create a talent platform, stress on talent cultivation, deepen the talent development mechanism, and optimize the talent development ecology. Shandong Gold values the attraction and fostering of talents and builds a talent ladder in the long run. Shandong Gold flexibly introduced five leading talents closely related to the main business of gold to exert their effectiveness of leadership. It launched the National Mechanical, Metallurgical and Building Materials Industry Craftsman College (全國機械冶金建材行業工匠學院) and the Shandong Metallurgical Craftsman College (山東冶金工匠學院) to leverage the advantages of mining enterprises and jointly build five training bases to promote the integration of industry, academia and research, and create a team of outstanding industrial workers. The Company constantly promotes learning through competitions by recommending all types of talents to participate in national and provincial talent project selections, and strengthens their own strength. The Company actively participated in the recruitment activities such as “Talents Gathering in Qilu for the Future”, continued to strengthen the recruitment of university graduates, and injected new forces to the team. With the support of human resources platforms such as academician workstations and postdoctoral workstations, Shandong Gold has hired well-known academicians, experts and scholars at home and abroad, and on-site postdoctoral fellows to concentrate our efforts on overcoming “stuck neck” technical problems. As thus, Shandong Gold continuously made substantial breakthroughs in geological prospecting, deep resource exploration and mining, green mines, intelligent mining and promoted the transformation of industrial value. Shandong Gold actively innovated to establish a self-assessment system for professional workers with specialized skills in gold mining industry, which fills the gap of the professional skill assessment for specialized workers in gold mining industry across the country.

Brand Advantage

Based in China, Shandong Gold optimized and expanded its principal gold business with an international vision. The Company was included into the Shanghai Stock Exchange 180 Index, as well as three major international indices, namely the MSCI Indices, FTSE Russell and S&P Dow Jones Indices. In 2023, the Company was successively granted the 17th China Listed Companies Value Evaluation – Top 100 Main Board Listed Companies in terms of Value, the Green and Low-Carbon Outstanding Contribution Award for China Listed Companies, the 23rd China Listed Companies Top 100 – Top 100 Enterprises Award, the Ethical Enterprises Award, and the 2023 Phoenix Star Hong Kong Listed Companies – Best Hong Kong Stock Connections, etc. The relevant successful cases were selected as the best practices in corporate governance, best practices in ESG and good practices in village revitalization of listed companies by the China Association for Public Companies. The Company was

evaluated and awarded grade A for its information disclosure work on the Shanghai Stock Exchange for the year 2022-2023 for six consecutive years. The Company implemented Xi Jinping's idea of ecological civilization in depth, collaborated in promoting carbon reduction, pollution reduction, green expansion and growth in accordance with the requirements of the Party Central Committee, the State Council, the provincial party committee and the provincial government on the arrangement and deployment of ecological civilization and ecological environmental protection work. The Company further promoted prevention and control of environmental pollution, accelerated the progress of key environmental protection facilities construction projects, and strengthened special inspections and supervision of environmental protection in key areas, comprehensively upgrading the level of environmental emergency management and risk prevention in enterprises. All the subsidiaries passed the annual green mine field verification and spot check, Sanshandao Gold Mine passed the expert assessment and acceptance of "Green Mine Standardization Pilot Project of Gold Mines in Shandong Province", and Xinhui Company was recognized by the Development and Reform Commission of Qingdao Municipality as the Green Mining Engineering Research Centre of Non-ferrous Metals in Qingdao, continuously consolidating and improving the level of green mine construction, and polishing the brand image of "Shandong Gold, Ecological Mining".

Discussion and Analysis on Operating Performance

2023 is the first year to fully implement the spirit of the 20th National Congress of the CPC, and is also a key year for the Company to further implement the strategic plans during the "14th Five-Year Plan" period. The Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and undertook the responsibility of "stabilising the growth and making contribution". Closely following the annual target of "interconnecting internally and externally to leap forward", the Company proactively pressurized itself and forged ahead, and united efforts to tackle difficulties. The Company effectively addressed and resolved various risks and challenges, successfully completed all targets and tasks during the year, and continued to consolidate the positive trend of development of seeking progress in stability and quality improvement.

In 2023, the Company had the gold mine production volume of 41.78 tonnes, representing a year-on-year increase of 3.10 tonnes or 8.03%. The Company's total assets reached RMB135,019 million, representing an increase of RMB43,728 million or 47.90% over the beginning of the period; the Company's total liabilities were RMB81,721 million, representing an increase of RMB27,246 million or 50.02% over the beginning of the period; total equities amounted to RMB53,298 million, representing an increase of RMB16,482 million or 44.77% over the beginning of the period. The debt-to-asset ratio was 60.53%, representing an increase of 0.86 percentage point over the beginning of the period. In 2023, the Company achieved revenue of RMB59,275 million, representing a year-on-year increase of RMB8,969 million or 17.83%; profit before tax was RMB3,488 million, representing a year-on-year increase of RMB1,586 million or 83.39%. Profit for the year amounted to RMB2,823 million, representing a year-on-year increase of RMB1,469 million or 108.49%; basic earnings per share was RMB0.40, representing an increase of RMB0.21 per share over RMB0.19 for the corresponding period of prior year.

During the Reporting Period, the Company focused on the following works:

(I) Seizing the key and making precise efforts to improve the quality of production and operation. The Company paid close attention to the annual target responsibility, closely followed the key task time point, and held 15 key work promotion meetings and various special work meetings regarding the issue of capacity expansion and production increase, strengthened the monitoring and analysis of economic operation and scheduling supervision, optimized incentive and assessment measures, focused on key mining areas, strengthened production organization, optimized production layout, maximized potential tapping, increased output and enhanced efficiency. The resource integration and development projects of Jiaojia Gold Mine and Xincheng Gold Mine respectively became the first batch of non-coal mine construction projects selected for major implementation projects in Shandong Province since the “14th Five-Year Plan”. In 2023, the year-on-year growth rates of Xihe Zhongbao Mining Co., Ltd. (“**Xihe Zhongbao**”), Shandong Jinzhou Mine Group Co., Ltd. (“**Jinzhou Company**”), and Sanshandao Gold Mine production reached 15.54%, 10.73%, and 5.74%, respectively, Veladero Mine overcame various unfavorable factors and increased its gold production by 6.37% year-on-year, Linglong Gold Mine successfully resumed work and production in Dongfeng mining area. We continuously strengthened technical management, comprehensively grasped the “five rate” management and “full process metal balance” management, systematically promoted equipment lifecycle management, and achieved the coverage rate of over 95% of the main equipment in the enterprise.

(II) Linking up and down, targeting tackling, development momentum continuously being strengthened. Continuously promoted the increase of resource reserves, strengthened geological exploration internally, actively acquired resources externally, and successfully obtained 20.93% control of Yintai Gold through agreement acquisition, achieving a strong alliance with Yintai Gold, increasing the shareholding of Yintai Gold to 28.89% in the secondary market, further consolidating control over Yintai Gold; won the mining rights for the Gansu Bridge project through bidding, which strengthened the resource reserves of Shandong Gold in Gansu region; promoted the injection of mining rights of the Yanshan mining area in Penglai where SDG Group was located into the Company, and integrate and develop the existing mining rights of Penglai Mining to achieve synergistic effects. The Company completed exploration project volume of 0.48 million meters and invested exploration funds of RMB570 million throughout the year, which achieved significant exploration results with an increase in gold content of 36.6 tonnes as explored, further extending the service life of the mines and promoting their sustainable development.

We fully promoted the construction of key projects, with the construction of the shaft boring in the auxiliary shaft of Sanshandao Gold Mine reaching an elevation of –1,260 meters. The ZhuguoLijia auxiliary shaft projects of Jiaojia Gold Mine was accurately connected to the production system of Sizhuang Mining Area. The new main shaft of Xincheng Gold Mine was topped 22 days ahead of schedule, and the –870 meters middle section in the new main and auxiliary shaft of Xinhui Company was accurately connected in advance. The mine project selection and tailing reservoir project of the Namdini Gold Mine project of Cardinal Resources Limited in Ghana was rapidly promoted.

(III) Strict management and lean management achieving remarkable results in quality and efficiency improvement. Continuously deepened cost reduction and efficiency improvement, broke down indicators such as gold decomposition cost reduction, controllable management expenses and pressure reduction for two golds, expanded cost reduction and efficiency improvement to areas such as “resource creation and technology improvement”, made targeted efforts in asset revitalization, centralized procurement, cost control, tax planning and other aspects, achieving significant results. Continuously strengthened fund control, further optimized financing structure, strengthened intensive management of funds, utilized bank loan dividend policies for the manufacturing industry, seized favorable interest rate reduction window, and saved interest expenses through early repayment and loan replacement and other methods. Strengthened the construction of research and analysis team for gold trading, conducted market tracking research, comprehensively improved price analysis capabilities, grasped price trends, optimized trading strategies, and ensured that the annual average sales price of self-produced gold was higher than the market average price by RMB2.79/gram during the year.

(IV) Deepening reform, empowering science and technology, and development momentum continuously being stimulated. We took technological innovation as the primary driving force, and continued to increase research and development investment, with a year-on-year increase of 25.99% in 2023. 142 new technology projects were approved, 259 patents were applied for, including 54 invention patents; obtained 173 patent authorizations, including 19 invention patents. Focused on strengthening core technology research, the Sanshandao Gold Mine’s “Safe and Efficient Mining Technology and Intelligent Equipment for Underground Metal Ore Crushing Bodies” project was approved by the Ministry of Science and Technology of the PRC. Accelerated the construction of digital intelligence, solidly managed network, data and information security, further promoted the application of 5G intelligent equipment, continued to make efforts in the construction of intelligent mining areas, participated in the preparation of 7 provincial and ministerial industry standards, 6 digital transformation cases were rated as “excellent” at the provincial and ministerial level, and 2 smart mine construction projects were awarded the second prize of the first “State-owned Enterprise Digital Scene Innovation Professional Competition” and the first prize of the first “Shandong Province 5G New Energy Innovation and Entrepreneurship Competition” by the State-owned Assets Supervision and Administration Commission of the State Council respectively.

(V) Performing responsibilities and consolidating foundation to ensure effective risk prevention and control. We insisted on putting production safety in the important position of “prioritizing everything, prior to everything, above everything, and overriding everything”. We continued to promote the standardization of safety quality and the construction of the “dual system” demonstration basic management team. We completed special investments of RMB891 million in safety during the year, made solid progress in comprehensively improving mine production safety, and strengthened special inspections of mechanical and electrical, ventilation, waterproofing, tailings ponds, etc. Eight mining enterprises reduced the number of high-temperature working surfaces by 70, and the implementation rate of mining top help full support to the front end reached 100%. The safety production situation continued to be stable throughout the year. We built a long-term management mechanism for green mine construction, continuously promoted the environmental protection “three simultaneities” procedures, tackled pollution prevention and control, investigated and corrected environmental hazards, and achieved “carbon peaking and carbon neutrality”. We invested RMB154 million in environmental protection during the year, all of our green mines have passed the annual green mine on-site inspection, and the smelting company was enrolled in the national green factory list.

(VI) Enhancing motivation by leading through party building and unifying efforts. We took high-quality thematic education as the primary political task, clarified 22 key work tasks, refined “8+4+1” personal self-study micro goals, created a “daily learning” online learning micro platform, held four sessions of thematic education reading classes to solidify political loyalty among party members and cadres. We identified 33 research topics, created a list of research questions, held meetings to share research outcomes, and led officials in targeted research, problem-solving, and development promotion. Adhering to a “strict” main tone, we collectively advanced the “three integrities” initiative, fostering an atmosphere of integrity and entrepreneurship. We established mechanisms for care and concern, continuously leading employees to achieve excellence in their roles, and conducted labor competitions, skill contests, model worker and craftsman talks, and condolences to frontline workers, constantly strengthening the cohesion and centripetal force among all staff.

MAJOR OPERATIONS DURING THE REPORTING PERIOD

In 2023, the Company produced 41.78 tonnes of mine-produced gold, a year-on-year increase of 3.10 tonnes or 8.03%. The main reasons of the increase in production include: the gradual improvement of the production systems of Sanshandao Gold Mine, Xihe Zhongbao and Jinzhou Company, resulting in an increase in production capacity; the resumption on work and production of the Dongfeng mining area in Linglong Gold Mine; the increase on the total amount of mining and stripping at the Veladero Mine, and the decrease on the number of refractory ores; the increase on the production brought by the acquisition of Yintai Gold. The selected grade of the Company’s raw ore was 1.29 g/t (Excluding Yintai Gold data), an increase of 0.06 g/t year-on-year. Among them, the feed grade of raw ore in underground mines was 1.88 g/t, an increase of 0.04 g/t year-on-year, or 2.17%. The main reason was that all mines took measures such as optimizing mining methods, strengthening technical management and on-site management to reduce loss rate and dilution rate and improve the grade of raw ore.

The Dongfeng mining area in Linglong Gold Mine resumed work and production in January 2023. During the Reporting Period, only the Linglong mining area was shut down. In January 2024, the competent authorities of Yantai City approved the resumption of infrastructure production in Linglong Mining Area. As at the date of this announcement, Linglong Mining Area is actively promoting the adjustment and construction of the production system, striving to obtain a new production safety license and resume work and production as soon as possible.

Annual Production Data and Analysis

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

Name of organization	For the year ended 31 December				Proportion of ownership
	2022		2023		
	Gold production volume		Gold production volume		
	kg	koz	kg	koz	
Sanshandao Gold Mine	5,459.85	175.54	5,773.30	185.62	100%
Jiaojia Gold Mine	10,036.25	322.67	9,381.70	301.63	100%
Linglong Gold Mine	1,101.92	35.43	1,863.90	59.93	100%
Xincheng Gold Mine	5,691.23	182.98	5,405.22	173.78	100%
Penglai Mining	201.57	6.48	400.30	12.87	100%
Yinan Gold Mine	376.03	12.09	380.62	12.24	100%
Xinhui Company	1,433.1	46.08	1,091.60	35.10	100%
Laixi Company	595.85	19.16	549.32	17.66	100%
Jinzhou Company	1,130.1	36.33	1,251.32	40.23	100%
Guilaizhuang Mining	816.3	26.24	864.06	27.78	70.65%
Chai Mine Company	1,727.95	55.55	1,687.68	54.26	73.52%
Fujian Yuanxin	320.16	10.29	280.63	9.02	90.31%
Xihe Zhongbao	1,008.28	32.42	1,165.01	37.46	70%
Jinchuan Mining	2,717.73	87.38	2,720.74	87.47	100%
Yintai Gold			2,519.81	81.01	28.89% ⁽¹⁾
Total of domestic mines	32,616.32	1,048.64	35,335.21	1,136.05	
Veladero Mine ⁽²⁾	6,057	194.74	6,442.80	207.14	50%
Total of foreign mines	6,057	194.74	6,442.8	207.14	
Total of the Company	38,673.32	1,243.38	41,778.01	1,343.19	

Notes:

1. The Company increased its shareholdings through mergers and acquisitions and the secondary market. As of the end of the Reporting Period, it held a total of 28.89% of the shares in Yintai Gold, which is a consolidated controlling subsidiary of the Company. The above production of Yintai Gold is the production data of Yintai Gold after its incorporation into the Company's financial statements as at 14 August 2023.
2. Includes the gold production volume of the Veladero Gold Mine on a 50% basis. As of the end of the Reporting Period, the Company owned 50% interest in the Veladero Gold Mine.
3. 1 ounce = 31.1035 grams.
4. Two decimal places have been retained and rounding of numbers has been applied, so the total may not be equal to the sum of the numbers.

ANALYSIS OF MAIN BUSINESS

Operating results

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

Unit: RMB'000

Item	Amount of the Reporting Period	Amount of corresponding period in prior year	Percentage of changes (%)
Revenue	59,275,275	50,305,754	17.83
Cost of sales	(50,647,596)	(44,138,322)	14.75
Selling expenses	(147,179)	(176,421)	-16.58
General and administrative expenses	(2,614,946)	(2,465,844)	6.05
Research and development costs	(487,195)	(399,567)	21.93
Finance costs	(1,568,275)	(1,051,000)	49.22

Analysis on revenue and costs

The increase in revenue of the Company was mainly due to the increase in sales volume and sales price of self-produced gold, externally purchased gold and externally procured alloy gold during the period. The increase in operating costs was mainly due to the increase in the costs of self-produced gold, externally purchased gold and externally procured alloy gold during the period.

Information on major suppliers and customers

The sales to the top five customers amounted to RMB47,547.10 million, representing 80.21% of the total sales for the year, out of which there were no sales amount from connected persons among the top five customers.

The procurement amount from the top five suppliers amounted to RMB27,910.44 million, and the total procurement amount accounted for 55.11% of the cost of sales of the year, out of which there were no procurement amount from connected persons among the top five suppliers.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at 31 December 2023, the Group's consolidated total debt (including lease liabilities, borrowings and financial liabilities at fair value through profit or loss) was approximately RMB52,101.59 million (31 December 2022: RMB34,803 million), and the Group's consolidated total equity was approximately RMB53,297.71 million (31 December 2022: RMB36,815.92 million). As at 31 December 2023, the Group's gearing ratio was 97.76% (31 December 2022: 94.53%).

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

Unit: RMB'000

Item	Carrying amount as at the end of the Reporting Period	Reasons for restrictions
Monetary funds	319,408.56	Security deposits for land reclamation and environmental governance
Monetary funds	1,435,149.31	Security deposits for notes
Monetary funds	10.00	Gold trading reserves
Monetary funds	2,810.00	Performance bonds
Monetary funds	96,051.47	Security deposits for credit
Monetary funds	16,309.71	Others
Monetary funds	3.7	Security deposits for ETC
	<u>1,796.4</u>	Court freeze
Total	<u>1,871,539.15</u>	

Analysis on business information of the industry

1. Major industry policy changes during the Reporting Period

- (1) On 3 January 2023, in order to further standardize the transfer transactions of mineral rights, ensure the transfer transactions of mineral rights to be open, fair and just, and protect the national rights and the lawful rights of the mineral right holders, the Ministry of Natural Resources issued the Regulations on Mineral Right Transfer Transactions (Zi Ran Zi Gui [2023] No. 1).
- (2) In order to implement the Guiding Opinions of the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on the Coordination and Delineation of the Three Control Lines in National Land Spatial Planning and the Notice of the Ministry of Natural Resources, the Ministry of Ecology and Environment, and the National Forestry and Grassland Administration on Strengthening the Management of Ecological Protection Red Line (Trial) (Zi Ran Zi Fa [2022] No. 142), strictly control and manage the ecological protection red line and safeguard the ecological security in Shandong Province, with the consent of the provincial government, on 1 January 2023, the Department of Natural Resources of Shandong Province and the Department of Ecology and Environment of Shandong Province issued the Notice on Strengthening the Management of Ecological Protection Red Line.

- (3) In order to thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, fully accomplish the decisions and arrangements of the Central Economic Working Conference and the requirements of the provincial party committee and provincial government, focus on supporting the rapid economic recovery and development of Shandong Province, and continuously consolidate the sound momentum of “being stable and progressive with quality enhancement”, on 17 March 2023, the Department of Natural Resources of Shandong Province issued the Notice on Certain Policies and Measures for Strengthening the Protection of Natural Resource Elements to Support the High-Quality Development of Economy.
- (4) According to the Notice of the State Council on Issuing the Reform Plan for the Mineral Resources Royalty System (Guo Fa [2017] No. 29)(《國務院關於印發礦產資源權益金制度改革方案的通知》), in order to further improve the system of paid use of mineral resources, standardize the collection and management of proceeds from the transfer of mining rights, safeguard the rights and interests of national owners of mineral resources, promote the protection and rational utilization of mineral resources and the healthy and orderly development of related industries, the Ministry of Finance, the Ministry of Natural Resources, and the State Administration of Taxation issued the Measures for the Collection of Income from the Transfer of Mining Rights (Cai Zong [2023] No. 10) (《礦業權出讓收益徵收辦法》) on 24 March 2023.
- (5) On 6 May 2023, in order to implement the decisions and arrangements of the Party Central Committee and the State Council on the reform of the mining rights transfer system and the reform of the natural resource asset property rights system, improve the ability to guarantee energy resources, and promote the healthy and sustainable development of the mining industry, the Ministry of Natural Resources issued the Notice on Further Improving the Registration and Management of Mineral Resources Exploration and Mining (Zi Ran Zi Gui [2023] No. 4) (《關於進一步完善礦產資源勘查開採登記管理的通知》).
- (6) On 8 May 2023, in order to standardize the implementation of ecological and environmental administrative penalties, supervise and ensure that the ecological and environmental authorities implement administrative penalties in accordance with the law, safeguard public interests and social order, and protect the legitimate rights and interests of citizens, legal persons or other organizations, the Ministry of Ecology and Environment issued the newly revised Measures for Administrative Punishments on Ecology and Environment (Ministry of Ecology and Environment Order No. 30) (《生態環境行政處罰辦法》).
- (7) In order to implement the decisions and arrangements of the Party Central Committee and the State Council on the reform of the mining rights transfer system and the reform of the property rights system of natural resource assets, improve the ability to guarantee energy resources, and promote the healthy and sustainable development of the mining industry, on 6 May 2023, the Ministry of Natural Resources issued Notice on Further Improving the Registration and Management of Mineral Resources Exploration and Mining (Zi Ran Zi Gui [2023] No. 4) (《關於進一步完善礦產資源勘查開採登記管理的通知》).

- (8) On 26 July 2023, in order to implement the decisions and arrangements of the Party Central Committee and the State Council on the reform of the mining rights transfer system, the reform of the oil and gas system, strengthen the domestic exploration and development of important energy and mineral resources, and increase reserves and production, give full play to the market's role in resource allocation, and better exert the role of the government, the Ministry of Natural Resources issued the Opinions on Several Matters Concerning Deepening the Reform of Mineral Resources Management (Zi Ran Zi Gui [2023] No. 6) (《關於深化礦產資源管理改革若干事項的意見》).
- (9) On 21 August 2023, in order to thoroughly implement the spirit of the 20th National Congress of the CPC and the Central Economic Work Conference, give priority to stabilizing growth, and promote the effective improvement of quality and reasonable growth of quantity in the non-ferrous metals industry, the Ministry of Industry and Information Technology, the National Reform and Development Commission, the Ministry of Finance, the Ministry of Natural Resources, the Ministry of Commerce, the General Administration of Customs, the National Food and Strategic Reserves Administration and other departments jointly issued a notice on the Work Plan for Stable Growth of the Non-ferrous Metal Industry (MIIT Lian Yuan [2023] No. 130) (《有色金屬行業穩增長工作方案》).
- (10) In order to implement the main responsibility of production and operation units for safety production, improve the safety production management system, enhance the safety production management capabilities and levels, and promote the sustainable and healthy development of the economy and society, the General Office of the People's Government of Shandong Province issued the Notice on the Implementation Measures for the Safety Director System of Production and Business Units in Shandong Province (Trial) (Lu Zheng Ban Zi [2023] No. 116) (《山東省生產經營單位安全總監制度實施辦法(試行)》)的通知). The measures were implemented from 1 October 2023 and will be valid until 30 September 2025.
- (11) Mine production safety is related to the safety of people's lives and property, to the overall situation of economic development and social stability, and is the top priority of safety production. In order to thoroughly implement the spirit of the 20th National Congress of the CPC and further strengthen mine production safety, with the consent of the Party Central Committee and the State Council, in September 2023, the General Office of the CPC Central Committee and the State Council issued the Opinions on Further Strengthening Mine Safety Production Work (《關於進一步加強礦山安全生產工作的意見》).
- (12) In August 2023, the Ministry of Emergency Management issued the Measures for the Management of the List of Subjects with Serious Untrustworthiness in Production Safety (Ministry of Emergency Management Order No. 11) (《安全生產嚴重失信主體名單管理辦法》). In order to strengthen the construction of credit system in the field of safety production and standardize the management of the list of seriously untrustworthy entities in safety production, the measures came into effect on 1 October 2023.

(13) In order to further strengthen the source management of the design of safety facilities in non-coal mine construction projects and further standardize the design review work after major changes to safety facilities, the National Mine Safety Administration issued the Notice on the Scope of Major Changes to Safety Facilities in Non-Coal Mine Construction Projects (Kuang An [2023] No. 147)(《非煤礦山建設項目安全設施重大變更範圍》的通知) on 14 November 2023.

2. Changes in significant tax policy during the Reporting Period

There are no major changes in tax policy in 2023.

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

In 2023, the domestic subsidiaries of the Company were liable for a resource tax amounting to RMB770.6577 million, with RMB734.2696 million actually paid. The environmental protection tax payable was RMB0.5838 million, with RMB0.5521 million actually paid.

4. Resource tax rate and tax incentives

The resource tax for subsidiaries in Shandong Province is paid at 4.2% of the gold sales revenue, while other companies pay the resource tax according to the tax items and applicable rates determined by the provincial people's government of their location.

According to the Notice on Clarifying the Applicable Rates of Resource Tax in Our Province and Other Related Matters (Min Cai Shui [2020] No. 14) jointly promulgated by the Finance Department of Fujian Province and the Fujian Provincial Taxation Bureau of the State Administration of Taxation, for the extraction of associated minerals, when the sales revenue of associated minerals and the main mineral products are accounted separately, a 30% reduction in the payable resource tax for associated minerals is applied. Fujian Zhenghe County Yuanxin Mining Co., Ltd. (福建省政和縣源鑫礦業有限公司), a subsidiary of the Company, enjoys the aforementioned preferential policy.

According to the Specific Measures for Reduction and Exemption of Resource Tax in Jilin Province under Specific Circumstances jointly promulgated by the Jilin Provincial Department of Finance, the Jilin Provincial Taxation Bureau of the State Administration of Taxation, and the Jilin Provincial Department of Natural Resources, where an enterprise mines co-associated ore and the sales of co-associated ore and main mineral products are accounted for separately, the resource tax shall be reduced by 50% of the tax payable on the silver of co-associated ore. Jilin Banmiaozi Mining Co., Ltd., a subsidiary of the Company, enjoys the aforementioned preferential policy.

According to the Decision of the Standing Committee of the People's Congress of Heilongjiang Province on the Implementation of Authorized Matters of the Resource Tax Law promulgated by the Standing Committee of the People's Congress of Heilongjiang Province, the resource tax shall be levied by taxpayers on the exploitation of co-associated ore and low-grade ore at a reduced rate of 50%, and the resource tax

shall be exempted from the exploitation of tailings. Heihe Locke Mining Development Co., Ltd. (黑河洛克礦業開發有限責任公司), a subsidiary of the Company, enjoys the aforementioned preferential policy.

According to the Implementation Plan of Resource Tax Item Tax Rate and Preferential Policy of Qinghai Province jointly issued by Qinghai Provincial Department of Finance and Qinghai Provincial Tax Bureau of the State Administration of Taxation, where taxpayers mine and sell co-associated ore products, the sales of co-associated ore and main mineral products are accounted for separately, and the sales of co-associated ore products account for less than 20% (excluding) of the total sales of taxable mineral products in the current period, the resource tax shall be reduced by 50%. Qinghai Dachaidan Mining Co., Ltd., a subsidiary of the Company, enjoys the aforementioned preferential policy.

Analysis on business information of the industry

Operations of respective region during the Reporting Period

Unit: RMB'000

	Revenue amount		% to total revenue	
	2023	2022	2023	2022
Revenue from contracts with customers within the scope of IFRS 15				
The PRC	56,585,687	47,257,420	95.46%	93.94%
Outside the PRC	2,676,509	3,028,300	4.52%	6.02%
	59,262,196	50,285,720		
Revenue from other sources				
The PRC	13,079	20,034	0.02%	0.04%
	59,275,275	50,305,754		

Reserves and Resources of Self-owned Mines

In March 2020, the state released a new national standard for the Classification of Solid Mineral Resources and Reserves (GB/T17766-2020), which was officially implemented on 1 May 2020 and is basically the same as the resource/reserve classification standard of the Committee for Mineral Reserves International Reporting Standards (CRIRSCO). However, it is slightly different in the estimation method of resources and reserves, the application of 3D ore body model, and the application of mining analysis and simulation software. The 2020 classification standard is applicable to the statistics and release of domestic solid mineral resources, the formulation of relevant technical standards for mineral resource exploration and development, the estimation, evaluation and information disclosure of resources and reserves. NI43-101 and JORC code are internationally accepted codes and standards for resource reserve and project disclosure.

Combined with the national standard for the Classification of Solid Mineral Resources and Reserves (GB/T17766-2020) and in accordance with the internationally accepted NI43-101 standard, the Company's mineral resources and mineral reserves as of 31 December 2023 are summarized as follows:

Name of mine	Major type	Resources				Reserves				Remaining resources mining year (year)	Validity period of permits/mining rights				
		Measured	Indicated	Measured and Indicated (Mt)	Inferred	Total	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis)			Gold content (equity basis)			
Sanshandao Gold Mine	Gold	-	19.01	19.01	24.88	43.90	3.11	136.65	136.65	16.37	2.78	45.50	45.50	6.19	Mining right (2043.09.01)
Jiaojia Gold Mine	Gold	-	49.87	49.87	49.03	98.90	3.53	349.25	349.25	19.04	3.96	75.40	75.40	4.00	Mining right (2027.8.3) Mining right (2032.4.21) Exploration right (2025.6.30)
Xincheng Gold Mine	Gold	-	18.49	18.49	40.42	58.91	3.38	199.41	199.41	17.50	3.34	58.40	58.40	6.63	Mining right (2028.4.21)
Liangsheng Gold Mine	Gold	-	7.08	7.08	47.80	54.88	2.86	157.04	157.04	6.55	2.22	14.55	14.55	6.35	Mining right (2028.6.30) Mining right (2030.1.20) Mining right (2034.9.30) Exploration right (2025.4.9)
Guizhuang Gold Mine	Gold	-	0.61	0.61	1.74	2.35	3.46	8.12	5.74	0.36	3.77	1.34	0.95	1.69	Mining right (2026.11.20) Exploration right (2027.3.31)
Jinzhou Gold Mine	Gold	-	1.94	1.94	2.04	3.98	3.12	12.39	12.39	1.90	2.90	5.51	5.51	21.62	Mining right (2033.3.16) Mining right (2026.11.2) Mining right (2031.8.3) Mining right (2021.12.14) in the process of cancellation Mining right (2021.9.30) in the process of cancellation Mining right (2017.7.5) in the process of cancellation
Xinhui Company	Gold	-	6.06	6.06	3.58	9.64	3.68	35.47	35.47	5.97	3.46	20.69	20.69	18.09	Exploration right (2028.6.25) Exploration right (2028.6.25)
Laxi Company	Gold	-	1.43	1.43	1.52	2.95	1.97	5.80	5.80	1.44	1.69	2.43	2.43	5.93	Mining right (2034.9.30) Mining right (2031.11.29)
Pengjia Gold Mine	Gold	-	1.04	1.04	0.89	1.93	7.30	14.11	14.11	1.07	5.31	5.69	5.69	5.93	Mining right (2027.8.3) Mining right (2018.4.7) in the process of integration of mineral rights
Yinan Gold Mine	Gold	-	1.80	1.80	4.15	5.95	1.55	9.25	9.25	1.70	1.36	2.31	2.31	8.76	Mining right (2022.4.28) in the process of integration of mineral rights Exploration right (2025.3.22) Mining right (2028.11.20) Mining right (2031.7.15) Exploration right (2024.8.19)
Shandong Province	Gold	-	107.34	107.34	176.05	283.39	3.27	927.49	925.11	71.90	3.22	231.83	231.43	-	-

Name of mine	Major type	Resources				Reserves				Remaining resources mining year (year)	Validity period of permits/ mining rights				
		Measured	Indicated	Measured and Indicated (Mt)	Inferred	Total	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis) (t)			Gold content (equity basis)			
Chifengshan Mine	Gold	-	1.41	1.41	0.82	2.23	3.03	6.76	4.97	4.97	2.77	4.14	3.04	4.53	Mining right (2025.12.8) Exploration right (2026.2.14)
Fujian Yuanxin Gold Mine	Gold	-	0.26	0.26	0.24	0.50	5.02	2.51	2.26	2.26	4.26	0.90	0.81	2	Exploration right (2027.12.9) Exploration right (2028.2.14) Exploration right (2028.9.14)
Xihe-Zhongbao Gold Mine	Gold	-	6.22	6.22	7.14	13.36	2.26	30.14	21.10	21.10	2.23	11.96	8.37	20.22	Mining right (2029.6.21) Exploration right (2026.4.16) Mining right (2034.4.28)
Xinjiang Jimchuan	Gold	5.72	28.93	34.66	6.61	41.27	0.91	37.54	37.54	2.23	0.82	15.84	15.84	3.84	Mining right (2039.8.30) Mining right (2024.6.27)
Gansu Jinshun	Gold	-	-	-	6.77	6.77	3.27	22.13	13.28	-	-	-	-	-	Mining right (2027.1.12)
Total of other provinces	Gold	5.72	36.82	42.55	21.58	64.13	1.55	99.08	79.15	2.23	1.25	32.84	28.07	-	-
China sub-total	Gold	5.72	144.16	149.88	197.63	347.51	2.95	1,026.57	1,004.26	2.23	2.70	264.67	259.51	-	-
Vedadero Gold Mine	Gold	43.28	210.90	254.18	35.97	290.15	0.64	186.62	93.31	39.30	0.70	124.10	62.05	-	8 mining rights are leased until 2028, and self-owned 5 mining rights are indefinite
Cardinal	Gold	7.48	174.20	181.68	12.45	194.13	1.12	218.11	185.39	7.383	1.13	157.20	133.62	-	Mining right (2035.2.11) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2026.2.5) Exploration right (2027.1.3)
Total	Gold	56.48	529.26	585.74	246.05	831.79	1.72	1,431.30	1,282.96	48.91	1.32	545.97	455.18	-	-

Notes:

1. Mineral resources tonnage and metal are reported as in-situ data and do not take into account mining losses and dilution resulting from mining activities.
2. Mineral resources are inclusive of mineral reserves. Mineral Reserves are derived from measured and indicated resources estimated by conversion factors, and inferred resources are not subject to conversion to ore reserves.
3. Two decimal places have been retained and rounding of numbers has been applied, so the total may not be equal to the sum of the numbers.
4. As of 31 December 2023, the Company owned 70.65%, 73.52%, 90.31%, 70%, 60% and 50% of equity interest of Guilaizhuang Gold Mine, Chifengchai Gold Mine, Fujian Yuanxin Gold Mine, Xihe Zhongbao Gold Mine, Gansu Jinshun, Veladero Gold Mine; the Company owns 100% equity interest in Cardinal Resources Limited (“**Cardinal**”), which in turn owns subsidiaries Cardinal Namdini Mining Limited and Cardinal Ghana Limited; the Company owned 100% equity interest of other mines.

5. Cut-off grade of mineral reserves assumed:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Mineral reserve in Veladero Gold Mine was estimated based on cut-off grade: 0.26 g/t for Type 1 ore and 0.39 g/t for Type 2 ore; mineral resource was estimated based on cut-off grade: 0.28 g/t for Type 1 ore and 0.42 g/t for Type 2 ore.

Mineral reserve in Namdini Gold Mine of Cardinal was estimated based on a cut-off grade of 0.5 g/t; mineral resource was estimated based on a cut-off grade of 0.5 g/t.

7. According to the requirements of the governments of Shandong Province and Penglai District of Yantai City on resource integration, Penglai Gold Mine has acquired 2 mineral rights owned by Shandong Jinchuang Co., Ltd. and 3 mineral rights owned by Shandong Gold Jinchuang Group Co., Ltd., which were integrated with all existing mineral rights of Penglai Gold Mine into one mining right (for details, please refer to the relevant announcements disclosed by the Company on 26 July and 23 August 2023, announcement no.: Lin 2023-066, Lin 2023-076). As at the date of this announcement, Penglai Gold Mine is undergoing mineral rights integration procedures and is expected to obtain the integrated mining license by the end of April 2024. The resource and reserve of Penglai Gold Mine in the above table do not include the other five mineral rights, which had gold content of 10.437 tonnes as of the base date of the merger and acquisition.
8. On 24 May 2023, the Company's controlling subsidiary Gansu Jinshun Mining Co., Ltd. (甘肅金舜礦業有限責任公司) successfully won the mining rights of Daqiao Gold Mine in Gansu region by participating in a judicial auction. Due to the temporary lack of data for the mining rights of Daqiao Gold Mine fully supporting for the estimation of international standard resource reserves, the data listed in the above table was announced data in the judicial auction. Gansu Jinshun planned to advance the estimation of resources and reserves in accordance with international standard in 2024.
9. Laizhou Hongsheng Mining Investment Co., Ltd., the Company's wholly-owned subsidiary, participated in Laizhou Huijin Mining Investment Co., Ltd. (萊州匯金礦業投資有限公司) Shaling gold mine project (with a shareholding ratio of 39%), with an amount of 145 tonnes of attributable metals (according to the Mineral Resources Reserves Review Record Certificate set out in the Report on the Verification of Gold Mine Resources Reserves in the Shaling Mining Area of Laizhou City, Shandong Province in 2018). The resource and reserve in the above table do not include the Shaling gold mine project.
10. The above table does not include the data of Yintai Gold. Please refer to the table below for the resource and reserve data of Yintai Gold.

The gold sources and reserves of Yintai Gold, a controlled subsidiary of the Company, are disclosed in accordance with the internationally accepted JORC code. According to the Company's "2023 Year-end Mineral Resources and Mineral Reserves Report" issued by BAW (Beijing) Mining Technology Co., Ltd. (寶萬(北京)礦業技術有限公司), as of 31 December 2023, the Company retained measured + indicated + inferred gold resources of 45.536 million tonnes and gold content of 146.66 tonnes. At present, the potential resources with low feasibility of mining are about 3.06 million tonnes, and gold content is 10.12 tonnes, amounting to a total of 156.78 tonnes of metal content. The Company retained measured + indicated + inferred silver-lead-zinc polymetallic ore resources of 69.064 million tonnes, including silver content of 7,856.90 tonnes, lead content of 613,705 tonnes, zinc content of 1,283,552 tonnes, and copper of 126,201 tonnes. The retained measured + indicated + inferred resources and reserves are detailed in the table below:

Name of mine	Major type	Resources ⁽¹⁾⁽²⁾						Reserves ⁽¹⁾⁽⁴⁾					
		Measured (Mt)	Indicated (Mt)	Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)	Proven (Mt)	Probable (Mt)	Total (Mt)	Grade (g/t)	Gold content (100% basis) (t)
Jilin Banmiaozhi	Gold	4.168	0.416	4.584	1.971	6.554	3.83	25.089	3.349	0.288	3.637	4.03	14.643
Huasheng Gold Mine	Gold	2.932	7.401	10.334	7.374	17.708	1.65	29.228	2.621	6.283	8.903	2.18	19.401
Heihe Luoke	Gold	1.262	0.889	2.151	0.467	2.617	4.99	13.052	0.843	0.318	1.161	5.90	6.853
Qinghai Dachaidan	Gold	1.373	8.247	9.620	7.229	16.849	4.60	77.540	1.373	6.643	8.016	4.71	37.776
Yulong Mining	Gold	-	-	-	1.807	1.807	0.97	1.753	-	-	-	-	-
Total		9.736	16.692	26.888	18.848	45.536	3.22	146.662	8.187	13.532	21.717	3.62	78.672

Name of mine	Resources										Reserves				
	Measured (Mt)	Indicated (Mt)	Measure and Indicated (Mt)	Inferred (Mt)	Total (Mt)	Lead content (100% basis) (t)	Zinc content (100% basis) (t)	Silver content (100% basis) (t)	Copper content (100% basis) (t)	Proven (Mt)	Probable (Mt)	Total (Mt)	Lead content (100% basis) (t)	Zinc content (100% basis) (t)	Silver content (100% basis) (t)
Heihe Luoke	1.263	0.889	2.152	0.467	2.619	-	-	161.923	-	0.843	0.318	1.161	-	-	88.979
Yulong Mining	8.514	28.087	36.601	32.464	69.064	613,705	1,283,552	7,856.897	126,201	0.723	4.902	5.625	84,205	154,025	863.533
Total	9.776	28.975	38.752	32.930	71.682	613,705	1,283,552	8,018.820	126,201	1.566	5.220	6.786	84,205	154,025	952.512

Notes:

1. Mineral resources tonnage and metal are reported as in-situ data and do not take into account mining losses and dilution resulting from mining activities.
2. Mineral resources are inclusive of mineral reserves. Mineral Reserves are derived from measured and indicated resources estimated by conversion factors, and inferred resources are not subject to conversion to ore reserves.
3. Mt = million tonnes; t = tonne.
4. As of 31 December 2023, the Company held 95%, 60%, 100%, 90% and 76.67% of equity interest of Jilin Banmiaozi, Huasheng Gold Mine, Heihe Luoke, Qinghai Dachaidan and Yulong Mining.
5. Cut-off grade assumed:

Resources in Jilin Banmiaozi were based on a cut-off grade of Au1.0 g/t, and reserves were based on a cut-off grade of Au2.0 g/t.

Resources in Huasheng Gold Mine were based on a cut-off grade of Au0.3 g/t, and reserves were based on a cut-off grade of Au0.5 g/t.

Resources in Heihe Luoke were based on a cut-off grade of Au1.0 g/t, and reserves were based on a cut-off grade of Au3.0 g/t.

Resources in Qinghai Dachaidan were based on a cut-off grade of Au1.0 g/t, and reserves were based on a cut-off grade of Au2.0 g/t.

Resources in Yulong Mining were based on a cut-off grade of Ag70 g/t, and reserves were based on a cut-off grade of Ag70 g/t.

ANALYSIS ON INVESTMENT STATUS

Overall analysis on external equity investment

During the Reporting Period, the Company completed investment projects such as the establishment of Gansu Jinshun Mining Company Limited (甘肅金舜礦業有限公司), and the acquisition of control over Yintai Gold Co., Ltd. and the equity interests in minority shareholders of Shandong Jinzhou Mine Group Co., Ltd. (山東金洲礦業集團有限公司).

Key equity investments

Unit: RMB10 thousand

Invested company	Major businesses	Mainly engaged in investment business	Investment method	The amount invested	Shareholding (%)	Whether consolidating the financial statements	Statement account (if applicable)	Source of capital	JV partners (if applicable)	Investment horizon (if any)	Progress as of the balance sheet date	Estimated earnings (if any)	Impact on the profit and loss during the Period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Gansu Jinshun Mining Company Limited (甘肅金舜礦業有限公司)	Mining of mineral resources in non-coal mines; exploration of metallic and non-metallic mineral resources; ore processing; sales of metallic ores and mining machinery.	Yes	New establishment	27,000	60	Yes	Long-term equity investment	Self-financing	Gansu Asset Management Co., Ltd (甘肅資產管理有限公司)	Long term	Completed the establishment			No	13 January 2023	"Announcement on Resolutions of the Thirty-third Meeting of the Sixth Session of the Board of Directors of the Company" (No.: Lin2023-401)
Yintai Gold Co., Ltd. (銀泰黃金股份有限公司)	Investment and management of geological exploration, mining and smelting of gold and non-ferrous metals, etc.	Yes	Acquisition	1,259,666,443	20.93	Yes	Long-term equity investment	Self-owned or self-financing		Long term	On 20 July 2023, the registration of securities transfer was completed, and the acquisition of control over Yintai Gold was realized.			No	20 January 2023 1 July 2023 21 July 2023	"Announcement on the Acquisition of Control over Yintai Gold Co., Ltd." (No.: Lin 2023-006); "Announcement on Resolutions of the 2023 Third Extraordinary General Meeting of the Company" (No.: Lin 2023-057); "Announcement on the Progress and Completion of the Acquisition of Control over Yintai Gold Co., Ltd." (No.: Lin 2023-046)

Invested company	Major businesses	Mainly engaged in investment business	Investment method	The amount invested	Shareholding (%)	Whether consolidating the financial statements	Statement account (if applicable)	Source of capital	JV partners (if applicable)	Investment horizon (if any)	Progress as of the balance sheet date	Estimated earnings (if any)	Impact on the profit and loss during the Period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Yintai Gold Co., Ltd.	Investment and management of geological exploration, mining and smelting of gold and non-ferrous metals, etc.	Yes	Others	317,065.90	7.96	Yes	Long-term equity investment	Self-financing					No		14 June 2023 1 July 2023 17 November 2023	"Announcement on the Increase of Shareholding in Yintai Gold by More Than 1% of the Company" (No.: Lin 2023-059) "Announcement on the Increase of Shareholding in Yintai Gold Co., Ltd. by More Than 1% of the Company" (No.: Lin 2023-059) "Announcement on the Company's Increase in the Shareholding of Yintai Gold Co., Ltd." (No.: Lin 2023-057)
Shandong Jizhou Mine Group Co., Ltd. (山东金洲矿业集团有限公司)	Mining of mineral resources in non-coal mines; ore processing, sales of gold and silver products, etc.	Yes	Acquisition	39,969.21	36.823	Yes	Long-term equity investment	Self-owned or self-financing		Long term	The registration of changes in shareholders was completed on 7 June 2023.		No		30 March 2023	"Announcement on the Acquisition of Equity Interests in Minority Shareholders of a Controlling Subsidiary of the Company" (No.: Lin 2023-038)
Shandong Gold Occupational Disease Prevention and Control Hospital (山东黄金职业病防治院)	Provision of occupational health services for workers' occupational health and prevention and treatment of occupational diseases	Yes	Capital increase	5,000	100	Yes	Long-term equity investment	Self-owned		Long term	The capital increase amounted to RMB10 million, and RMB50 million has been contributed by the end of 2023.		No		28 October 2023	"Announcement on Resolutions of the Forty-ninth Meeting of the Sixth Session of the Board of Directors of Shandong Gold Mining Co., Ltd." (Lin 2023-093)
Jiann Jinqie Investment Partnership (Limited Partnership) (济南金捷投资合伙企业(有限合伙))	Investing in the gold mining industry with its self-owned funds	Yes	Others	128,300	100	Yes	Long-term equity investment	Self-financing		Long term	The investment funds have been earmarked for deployment.		No		18 October 2023	"Announcement on the Issuance Results of the Trust Plan of Shandong Gold Mining Co., Ltd." (Lin 2023-096)
Total	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/

Key non-equity investments

Unit: RMB100 million

No.	Project name	Total project investment amount ('00,000,000)	Progress of project	Amount completed during the Reporting Period ('00,000,000)	Cumulative amount completed ('00,000,000)	Revenue of project
1	Jiaojia mining area (integration) gold resources development project	82.73	The mixing shaft in the north area of the main control project was completed, and preparations for the second phase of project are underway. The main and auxiliary shafts in the south area are being excavated as planned.	2.57	3.38	According to the Feasibility Study Report, after the project reaches capacity, the ore production and processing capacity will be 6.6 million tonnes per year, and the average annual production of flotation gold concentrate will be 290,600 tonnes (gold content of 18,854 kg/year).
2	Xincheng Gold Mine resources integrated development project	37.84	The main shaft project in mining area I is in the process of installing wellbore equipment, and the auxiliary shaft project in mining area II was completed and supporting engineering construction is in progress.	3.39	6.67	According to the Feasibility Study Report, after the project is completed and reaches capacity, the annual ore processing capacity will be 2.64 million tonnes, and the average annual production of flotation gold concentrate will be 119,600 tonnes (gold content of 7,771 kg/year).
3	Namdini Gold Mine project of Cardinal	33.60	The concentrator's EPCM project has placed longterm equipment orders, and the foundation pouring and partial equipment installation have been carried out as scheduled. The tailings pond project is progress about 50%, and the electricity, water supply and camp construction are progressing as planned.	12.99	17.19	According to the Feasibility Study Report, after the project reaches capacity, the annual ore processing capacity will be 9.5 million tonnes, and the average annual output of crude gold ingots containing gold will be 8.438 tonnes.
4	Expansion project of 2,000t/d of mining and beneficiation in Chifeng Chaihulanzi Gold Mining Co., Ltd.	2.78	The auxiliary shaft was completed, and the second phase of supporting projects is under construction. The construction of supporting tailings pond was completed.	1.05	2.04	According to the Feasibility Study Report, when the mine reaches production scale, it will produce 600,000 tonnes of ore per year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2023, the Group's:

- **revenue** increased by 17.83% to approximately RMB59,275.28 million from approximately RMB50,305.75 million for the same period in 2022, which was mainly due to the increase in sales volume and sales price of self-produced gold, externally purchased gold and externally procured alloy gold during the Reporting Period.
- **cost of sales** increased by 14.75% to approximately RMB50,647.6 million from approximately RMB44,138.32 million for the same period in 2022, which was mainly due to the increase in the costs of self-produced gold, externally purchased gold and externally procured alloy gold during the Reporting Period.
- **gross profit** increased by 39.89% to approximately RMB8,627.68 million from approximately RMB6,167.43 million for the same period in 2022, which was mainly due to the increase in gross profit from self-produced gold sales during the Reporting Period.
- **selling expenses** decreased by 16.58% to approximately RMB147.18 million from approximately RMB176.4 million for the same period in 2022, which was mainly due to the decrease in sales commissions during the Reporting Period.
- **other gains and losses, net** decreased by 60.21% to a loss of approximately RMB510.71 million from a loss of approximately RMB318.77 million for the same period in 2022, which was mainly due to the increase in losses on disposal of financial products during the Reporting Period.
- **finance costs** increased by 49.22% to RMB1,568.28 million from approximately RMB1,051.0 million for the corresponding period of 2022, which was mainly due to the increase in interest expenses as a results of the increase in financing amount during the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

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

As at 31 December 2023, the Group's reserves amounted to approximately RMB18,667.13 million and short-term borrowings amounted to approximately RMB27,932.63 million. The bank balances and cash of the Group as at 31 December 2023 were approximately RMB8,352.90 million. Based on the following factors for consideration, the Directors were of the opinions that the Group will be able to have sufficient working capital to provide capital sources for future needs of financing and working capital: (a) the Group is expected to be profitable continually, and thus will continue to generate operating cash flows from future business operations; and (b) the Group has been maintaining long-term business relationships with its principal bankers.

In the opinions of the Directors, the Company has sufficient cash flows for the operation of the Group for the next 12 months, including its planned capital expenditure and current debt repayment. The borrowings of the Group include amounts due to related parties loans in an aggregate amount of approximately RMB1,985.54 million from SDG Group Finance at an interest rate ranging from 2.2% to 2.8% per annum. The Company has issued two tranches of renewable corporate bonds. Please refer to "Information of Corporate Bonds" below for details.

At the same time, the Group has arranged bank loans totaling RMB51,143.97 million through several banks in China, with annual interest rates ranging from 1.60% to 6.79% (including gold leasing of RMB7,684.58 million).

CASH FLOWS

The Group's bank balances and cash have increased from approximately RMB7,753.48 million as at 31 December 2022 to approximately RMB8,352.90 million as at 31 December 2023.

ASSETS AND LIABILITIES

As at 31 December 2023, the Group's:

- **prepayment, trade and other receivables** increased by 14.28% to approximately RMB5,352.32 million from approximately RMB4,683.6 million as at 31 December 2022, which was mainly due to the decrease in prepayment made by subsidiaries for purchase of gold and the increase in the subsidiaries' receivables from gold sales during the Reporting Period.
- **deferred income tax assets** increased by 98.17% to approximately RMB722.74 million from approximately RMB364.71 million as at 31 December 2022, mainly due to the increase in the acquisition of Yintai Gold.
- **property, plant and equipment** increased by 36% from approximately RMB37,028.4 million as at December 31, 2022 to approximately RMB50,357.96 million, mainly due to the increase in the acquisition of Yintai Gold.
- **intangible assets** increased by 60.48% from approximately RMB20,556.65 million as at 31 December 2022 to approximately RMB32,988.31 million, mainly due to the increase in the acquisition of Yintai Gold.
- **inventory** increased by 81.25% to approximately RMB9,983.35 million from approximately RMB5,508.11 million as at 31 December 2022, mainly due to the increase in the acquisition of Yintai Gold.
- **prepaid income tax** decreased by 60.07% to approximately RMB41.98 million from approximately RMB105.15 million as at 31 December 2022, mainly due to the increase in profits and income tax expenses during the Reporting Period.
- **current income tax liabilities** increased by 74.5% to approximately RMB529.48 million from approximately RMB303.42 million as at 31 December 2022, mainly due to the increase in profits and income tax expenses during the Reporting Period.
- **borrowings (including current and non-current liabilities)** increased by 119.23% from approximately RMB23,328.94 million as at 31 December 2022 to approximately RMB51,143.97 million, mainly due to the increase in investment and financing scale during the period.

CAPITAL EXPENDITURE

The capital expenditure of the Group mainly relates to the acquisition of mining and exploration permits, property, plant and equipment, land use right and intangible assets, and investment properties. For the year ended 31 December 2023, in the contracted but not incurred capital expenditure of the Group, the total amount for the acquisition of mining and exploration permits, property, plant and equipment, was RMB1,305.5 million.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2023, the Group recorded non-current assets, current assets classified as financial assets at fair value through profit or loss (“FVTPL”) amounting to approximately RMB8,995.25 million (31 December 2022: approximately RMB8,119.98 million), which included equity securities listed in the PRC, investment funds, asset management plans, trust plans and structured deposits.

As at 31 December 2023, the Group, through its subsidiaries, held securities of Donghai Securities Co., Ltd. (“**Donghai Securities**”), a company listed on national equities exchange and quotations of the PRC, the principal business of which includes brokerage business, online trading and investment consultation. The Group held 347,169,166 shares of Donghai Securities in aggregate, representing approximately 18.71% of the total issued shares of Donghai Securities. According to the evaluation report issued by Shangdong Zhongxin Assets Appraisal Company Limited, an independent valuer engaged by the Group, the fair value of the investment in Donghai Securities as at 31 December 2023 was approximately RMB4,755.13 million, which was approximately 3.54% of the Group’s total assets as at 31 December 2023. For the year ended 31 December 2023, there was a fair value gain of RMB-257.55 million from the securities of Donghai Securities held by the Group and Donghai Securities distributed a dividend of RMB0. We are optimistic about the on-going performance of Donghai Securities. Nevertheless, we will closely monitor the performance of Donghai Securities on an on-going basis.

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

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

On 9 December 2022, the Company entered into the Share Transfer Agreement with Mr. Shen Guojun, the de facto controller of Yintai Gold, and China Yintai Holdings Co., Ltd., the controlling shareholder, pursuant to which Mr. Shen Guojun and China Yintai Holdings Co., Ltd. intended to transfer 20.93% shares of Yintai Gold held by them in total to the Company. On 19 January 2023, the Company entered into the Supplemental Agreement to the Share Transfer Agreement with Mr. Shen Guojun, the de facto controller of Yintai Gold, and China Yintai Holdings Co., Ltd., the controlling shareholder, pursuant to which China Yintai Holdings Co., Ltd. transferred 401,060,950 shares of Yintai Gold held by it, and Mr. Shen Guojun transferred 180,120,118 shares of Yintai Gold held by him (a total of 581,181,068 shares, accounting for 20.93% of Yintai Gold's total share capital) to the Company. The securities transfer registration and the re-election of the board of directors by Yintai Gold have been completed on 20 July 2023 and 14 August 2023 respectively, and the Company has obtained control of Yintai Gold. The Company received the "Confirmation Letter on Securities Transfer and Registration" (《證券過戶登記確認書》) issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 20 July 2023, completing the acquisition of the control of Yintai Gold. For details, please refer to the Company's announcement dated 20 July 2023 published on the website of the Hong Kong Stock Exchange. As of 31 December 2023, the Company held 802,251,840 shares in Yintai Gold (including 221,070,772 shares purchased by the Company from the secondary market), representing 28.89% of the total share capital of Yintai Gold, and is the controlling shareholder of Yintai Gold.

Save as disclosed in this announcement, during the Reporting Period, the Group had no major investments, nor major acquisitions or disposals of subsidiaries, associates and joint ventures.

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

DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

Landscape and Development Trend in the Industry

Competitive landscape in the industry

The global centennial changes are accelerating, with the rise of hegemonism, unilateralism, and protectionism. Regional peace and development face greater instability and uncertainty, making the security of national strategic resources an essential cornerstone of major powers' competition. Consequently, the competition for global strategic resources has intensified, and enhancing the reserves of domestic mineral resources has become a top priority for national security. On one hand, the trend of mergers and acquisitions in the gold mining industry, characterized by alliances between strong players, is evident from a global perspective. In May 2023, Newmont Corporation, the world's largest gold company, announced the acquisition of Newcrest Mining Ltd., one of the top ten global gold companies. This significantly increased the gold reserves of Newmont Corporation, further strengthening its position in the global gold industry. On the other hand, domestically, in the context of the country's comprehensive implementation of a new round of mineral exploration breakthrough strategies, large domestic gold enterprises have intensified their exploration efforts, accelerating the further exploration and development of gold resources. In August 2023, SDG Group discovered the Xiling gold mine, the largest giant monolithic gold deposit in Shandong Province, adding 209.606 tonnes of gold content to the previously recorded 382.58 tonnes of gold content as filed for general prospecting in 2017, totaling 592.186 tonnes of gold content discovered. As at the date of this announcement, the Company is in the process of transferring the exploration rights for the Xiling gold mine to itself, further consolidating its leading position in the domestic gold industry. As the nation continues to promote the safe development of strategic resources, the intensity of mergers and acquisitions in the gold mining resources sector is expected to increase, and competition in the exploration and development fields will become increasingly fierce.

Currently, amid the increasing uncertainties in the global political and economic landscape, gold is expected to continue demonstrating strong asset allocation appeal. Firstly, looking at economic performance, the high-interest-rate environment in major economies such as the United States and Europe will gradually exert pressure on their economic growth and employment, increasing the risk of black swan events in the economic and financial sectors. Secondly, from a monetary policy perspective, with the global inflation level continuing to decline, central banks in major economies like the United States and Europe are more likely to shift from tightening to easing policies. Lastly, in terms of geopolitical risks, the current global situation remains unstable with sporadic outbreaks of regional conflicts. The Russia-Ukraine conflict, the Israel-Palestine conflict, and the Red Sea crisis continue, and with many countries or regions entering election years, geopolitical relationships may become even more complex. Under the influence of these multifaceted factors, the long-term value of gold allocation will become more pronounced, and the gold industry will face promising development opportunities.

Industry development trend

In recent years, our country's gold industry has developed rapidly, with gold production, processing, and consumption ranking first in the world. Gold production in 2023 was 375.155 tonnes (excluding gold produced from imported raw materials), ranking first in global gold production for 17 consecutive years; gold consumption continued to recover and has ranked first in the world for 10 consecutive years. The growth rate of retail sales of gold, silver and jewelry commodities continued to lead other categories of commodities, and the transaction volume of the gold market continued to grow. From the perspective of policy, with the introduction of a series of national economic stabilization policies, especially the launch of a new round of domestic prospecting operations for strategic minerals, the mineral exploration authority of various provinces and cities will be relaxed and the rational development and utilization of mineral resources will be promoted. Resource-rich provinces such as Inner Mongolia, Xinjiang, and Gansu are accelerating the transformation of resource advantages into development and competitive advantages, promoting the development of mining clusters, so as to provide a strong guarantee for gold mining companies to optimize regional industrial layout and expand resource territory.

Shandong Gold has currently established a whole industrial chain covering geological exploration, mine construction, mining production, ore dressing and smelting, and product sales, forming a gold industry layout with Shandong Province as its core, strong presence across the nation and expanding overseas. The Company has resource advantages of a world-class gold production bases in Shandong Province, with all mines outside the province located in key gold mineralized belts, and the prospects for resource increase and storage in overseas projects are also considerable. Domestically, the Company's mines have maintained the first place in gold production for consecutive years, with an absolute advantage in production capacity. Of the gold mines in production, 10 have a production capacity of over 1 tonne. The Company has leading technological advantages in deep well mining, undersea mining, green mining and intelligent mining, especially in intelligent mine construction which is at the forefront of the whole industry. After nearly 30 years of development, the Company has cultivated a large number of professionals and managers in the mining industry, forming a team of highly educated talents, professional talents, and high-level talents. In 2024, the Company will focus on the annual goal of "digital intelligence empowerment, simultaneous improvement of quality and efficiency", continuously consolidate the foundation of development, enhance production capacity, improve development quality and efficiency through accelerating the pace of the increase of reserves by exploration and resource acquisition, solidly promoting the optimization of production systems, steadily advancing intelligent construction, comprehensively strengthening technical management, deeply reducing costs and enhancing efficiency, actively making breakthroughs in scientific research and other key measures, so as to move towards becoming a first-class gold mining enterprise.

Development Strategies of the Company

1. *Corporate vision*

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

2. *Strategic positioning*

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

3. *Strategic objectives in 2024*

Focusing on the annual general objective of "Empowering Digital and Intelligent, and Improving in Both Quality and Efficiency", we will highlight the efforts to promote key works such as increasing resource reserves, expanding capacity and production, project construction and reducing costs and enhancing efficiency, and strive to promote the construction of intelligent mine. We will concentrate on the optimization of corporate governance and market-oriented mechanism operation, comprehensively speed up technological innovation and accelerate the digital, intelligent and green transformation, enhance our capital operation capability, implement value management, continuously create a new situation of healthy, sustainable and high-quality development, so as to build a listed enterprise with outstanding profitability, first-class market value and abundant shareholders' return, and achieve a significant improvement in the overall quality.

Business Plans

In 2024, the production and operation plan determined by the Company is that the gold output is no less than 47 tonnes. The plan is based on the current economic situation, market conditions and operating situation of the Company. As this is a guiding indicator of the Company subject to uncertainty, it does not constitute a commitment to achieve production, and the Company may make corresponding adjustments in due course depending on the future development of the situation.

Main measures to be taken in 2024:

(I) Steadily promoting capacity improvement. With capacity expansion and production increase as the main focus, we will improve the performance appraisal system, enhance the scientific, comprehensive, systematic and pertinent appraisal, and incorporate the improvement of indicators such as “One Profit and Five Ratios” into the scope of business performance appraisal of all enterprises. We will focus on strengthening the production organization, and make effort to promote the production continuity and extension of key mining areas. Centering on the improvement of the eight underground systems, the optimization of mining process, the improvement of beneficiation technology, and the comprehensive utilization of tailings, we will strive to optimize the construction of the system, strengthen the overall planning of system construction, and speed up the mechanized, large-scale and intelligent transformation of mining operations, so as to explore the potential for capacity expansion and production increase.

(II) Speeding up the project construction. We will accelerate the construction of the world-class gold resource industrial base, and particularly speed up the progress of the Sanshandao auxiliary shaft, blind service shaft, ZhuguoLijia main shaft and Ming mixed shaft of Jiaojia Gold Mine, new main shaft and powder ore recovery shaft of Xincheng Gold Mine and other projects. We will also accelerate the construction of the Cardina project in Ghana, and make effort to promote early completion, operation and effectiveness of construction projects. We will focus on work such as the expansion of capacity and boundary of Linglong mining area of Linglong Gold Mine, deep level of Dongfeng mining area and Guilaizhuang Gold Mine, and the expansion of boundary of Shanhou Gold Mine of Laixi Company, so as to promote a new breakthrough in processing of certificates.

(III) Paying close attention to the increase in resource reserves. We will continue to increase the investment and exploration of geological prospecting in each mine, strengthen the increase of reserves by exploration of surrounding mining rights of key mines, conduct in-depth combing and analysis, summarize the results and experience, and conduct comprehensive research, comprehensive evaluation and comprehensive prospecting. We will establish a list of the Company’s major exploration projects, increase capital investment and strengthen overall control, to promote the acceleration of the implementation of major exploration projects. At the same time, in strict accordance with the principle of “targeted project, quick action, and focusing on implement”, we will accelerate the pace of mergers and acquisitions of mining rights projects around existing mines and important mineralization belts in China, steadily promote the acquisition of overseas high-quality resources, and continue to consolidate resource guarantees.

(IV) Paying close attention to the details of innovation and efficiency. Firmly focusing on digital and intelligent transformation, we will accelerate the process of digital transformation and intelligent upgrading in all aspects, expand the application field of 5G intelligent equipment, concentrate on the construction of intelligent mining areas in major mines, achieving a high-quality development model of “intrinsic safety, few people and no one, green and efficient”. We will continue to increase scientific and technological innovation, focusing on core key technologies breakthroughs such as difficult beneficiation and smelting, efficient and safe construction of deep shafts, paste filling process, harmless resource utilization of cyanide residue tailings, peripheral geological exploration in deep level, and intelligent support decision-making system, and strive to achieve breakthrough results. Closely following the goal of reducing costs, reducing consumption and increasing efficiency, increasing production, increasing income and increasing profits, we will deeply explore the potential of cost reduction in all aspects of production and operation, and realize “all employees, all positions, all factors, and the whole process” to reduce costs and increase efficiency through methods such as technology innovation, process optimization, process reengineering, centralized procurement, asset revitalization, and policy efficiency.

(V) Paying close attention to the details of safety and environmental protection. Adhere to the principle of strict discipline, we will fully implement the “Opinions on Further Strengthening Production Safety at Mines”, fifteen powerful measures for production safety and the requirements of “eight focuses and twenty innovative measures”, strengthen the source management, systematic management and comprehensive management of production safety, and strive to fundamentally eliminate the hidden dangers of accidents. We will continue to strengthen the standardization of mine shaft safety and quality, promote the comprehensive rectification of mine safety production, and the special rectification such as ventilation and cooling of deep level, and carry out investigation and rectification of hidden dangers in all aspects, so as to continuously improve the level of intrinsic safety. Adhering to the priority of environmental protection, we will further promote carbon reduction, pollution reduction and green expansion, improve the ecological and environmental protection management system, and continue to consolidate the achievements of green mine (green factory) construction, so as to accelerate the green and low-carbon transformation of development model.

(VI) Adhering to the guide of high-quality Party building. We will establish a long-term mechanism for consolidating and deepening the achievements of thematic education, and improve institutional mechanisms such as the promotion of “list-based”, so as to ensure that the long-term mechanism of thematic education can stand, be implemented, and go far. We will comprehensively consolidate the “two responsibilities”, strengthen the coordination of special supervision of discipline inspection and supervision, Party committee inspections and other supervision, and create a clean and upright political ecology. Through improving the compliance management system, we will increase supervision of key areas such as resource mergers and acquisitions, project construction, and overseas assets, promote high-quality full coverage of audit supervision and tracking of the entire legal process of the project, and continuously improve the level of legal operation and management in accordance with the law. We will also continue to improve the cadre selection and appointment mechanism, optimize the age structure of the cadre team, and build a team of cadres who are loyal, clean, responsible and practical.

Possible Risks

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

1. Safety Management Risks

As the safety production supervision standards and requirements of governments at all levels continue to increase, the Company’s overall safety management is solid and effective. However, there are still some weak links in the safety production of some enterprises in basic management, equipment, systems and personnel quality, which restricts the Company’s achievement of intrinsic safety goal. If major casualties and property losses occur, it will have a significant impact on the Company’s brand and social reputation.

Countermeasures: We signed the work safety responsibility certificates with all staff and released the “Opinions on Strengthening Safety Work” in 2024 to consolidate and improve the results of mining top help full support, concentrate on rectifying problems of ventilation, and deep high temperature, resolutely eliminating equipment and processes expressly prohibited by the state, and promoting the application of advanced and applicable technologies. We strengthened prevention at source, optimized the dual prevention mechanisms for production safety, carefully investigated and managed hidden disaster factors, improved the risk prevention and control system, and enhanced safety inspections and the investigation and management of hidden dangers. We strengthened scientific breakthroughs on mine safety, comprehensively improved the level of technological equipment, and promoted transparent mine geology, accurate disaster warning, intelligent mining, informational control, and unmanned disaster relief and exploration, for the purpose of increasing the intrinsic safety level of mines. We provided safety trainings to improve the safety quality of safety managers and operators.

2. *Environmental Protection Management Risks*

Currently, the frequency of issuance of environmental protection laws, regulations, and standard specifications is relatively high, with the national environmental protection regulatory landscape becoming increasingly stringent. Although the Company's ecological and environmental protection efforts have maintained a stable state, there still exist weaknesses in the environmental foundation management and a lack of prevention awareness in some enterprises, posing certain risk hazards to the Company's production and operations.

Countermeasures: We strengthened the ecological and environmental awareness of all employees, signed ecological and environmental responsibility certificates, implemented the main responsibilities of environmental protection, improved various ecological and environmental management systems. We strengthened management of the "three simultaneities" of environmental protection, pollution discharge permits, pollution prevention and control, hazardous chemicals, hazardous wastes, tailings and other links or areas. We regularly carried out investigation and treatment of potential environmental hazards, promoted the rectification and implementation of outstanding environmental problems, and reduced environmental risks. Intensified technological innovation and increased environmental investment, continuously improved pollution prevention and control level, orderly reduced pollution and carbon emissions, synergistically increased efficiency, continuously reduced pollutant emissions, and improved the ecological environment of mining areas. Strengthened the construction of circular economy, expanded the utilization ways of solid waste including tailings and waste rocks, improved the comprehensive utilization rate of solid waste including tailings and waste rocks. Strengthened the construction of environmental emergency response systems, organized enterprises to timely prepare (revise) emergency plans for environmental emergencies, strengthened drills, prepared sufficient emergency materials, and improved the emergency prevention capabilities.

3. *Resource Acquisition Risk*

The competition between large mining groups for superior mineral resources has intensified, showing a trend of high overlap of major power competition categories, obvious geopolitical layout competition, and rising resource protectionism, making it more difficult to acquire new high-quality mineral rights.

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

4. *Risks of fluctuation in product prices*

The Company's main product is gold, and fluctuations in gold prices bring significant uncertainty to the Company's operational benefits. Due to the ongoing severe global economic situation and increased geopolitical instability, along with changes in national policies (such as monetary policy, fiscal policy, industry policy, regional development policy, etc.) and fluctuations in exchange rates, there can be a substantial impact on product prices, thereby affecting the Company's profits.

Countermeasures: The Company continuously strengthens its ability to systematically analyze and judge market trends, promptly analyzing the main factors affecting product prices and enhancing communication with external institutions to broaden perspectives. Based on scientific analysis and judgment, the Company adjusts its sales strategies in a timely manner. Surrounding production and operations, the Company carries out hedging activities to fully leverage the hedging functions of financial derivatives, offsetting the risk of product price fluctuations. It also establishes corresponding risk management systems and measures, improves business management mechanisms, continuously enhances the effectiveness of hedging, and effectively avoids the risk of price fluctuations.

EXCHANGE RATE VOLATILITY RISK

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

INFORMATION OF CORPORATE BONDS

As at the end of the Reporting Period, the Company had the following corporate bonds:

Overview of corporate bonds

Unit: RMB'00,000,000

Name of Bonds	Abbreviation	Code	Date of Issuance	Date of Initial Interest Accrued	Date of Maturity	Outstanding Balance of Bonds	Coupon Rate (%)	Payment of Principal and Interest	Place of Trading	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) (See Note 1 for details)	Lujin KY01	240265	15 November 2023	17 November 2023	17 November 2026	20.00	3.19	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) (See Note 2 for details)	Lujin KY02	240334	23 November 2023	27 November 2023	27 November 2026	20.00	3.22	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No

Note 1: The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) takes every three interest-bearing years as one cycle, and at the end of each cycle, the Company has the right to choose to extend the bond term by one cycle (i.e. extend three years), or choose to settle the bond in full when it matures at the end of the cycle.

Note 2: The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) takes every three interest-bearing years as one cycle, and at the end of each cycle, the Company has the right to choose to extend the bond term by one cycle (i.e. extend three years), or choose to settle the bond in full when it matures at the end of the cycle.

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

Name of Bonds	Description of interest payment status
The 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the First Tranche) by Shandong Gold Mining Co., Ltd.	The Company paid interest on 4 December 2023 (postponed to the first trading day thereafter as 3 December 2023 is a non-trading day) for the period from 3 December 2022 to 2 December 2023, and settled the current bond in full. For details, please refer to the Announcement on 2023 Interest Payment of the 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the First Tranche) by Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司2020年公開發行可續期公司債券(面向專業投資者)(第一期)2023年本息兌付及摘牌公告》) disclosed on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 23 November 2023
The 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the Second Tranche) by Shandong Gold Mining Co., Ltd.	The Company paid interest on 21 December 2023 for the period from 21 December 2022 to 20 December 2023, and settled the current bond in full. For details, please refer to the Announcement on 2023 Interest Payment of the 2020 Public Issuance of Renewable Corporate Bonds (for Professional Investors) (the Second Tranche) by Shandong Gold Mining Co., Ltd. (《山東黃金礦業股份有限公司2020年公開發行可續期公司債券(面向專業投資者)(第二期)2023年本息兌付及摘牌公告》) disclosed on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 23 November 2023

SHAREHOLDERS' GENERAL MEETING

During the year ended 31 December 2023, the Company held seven Shareholder's general meetings (including annual general meeting) and four class general meetings. The Company shall convene and hold general meeting of Shareholders in strict compliance with the regulations and requirements of the Articles of Association and the procedures of the Shareholders' general meeting of the Company to ensure that all Shareholders (especially minority Shareholders) can enjoy equal rights and fully exercise their voting rights.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

A payment of cash dividend of RMB1.40 per 10 Shares (tax inclusive) is proposed to be paid to all Shareholders. As at 28 March 2024, the Company has a total share capital of 4,473,429,525 Shares. Accordingly, the proposed cash dividend is approximately RMB626,280,133.50. The remaining undistributed profits are carried forward for the subsequent annual distribution. The above proposal will be put forward at the forthcoming annual general meeting of the Company for consideration and approval. The specific arrangements regarding the final dividend and its distribution and the time and arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the annual general meeting. If approved at the annual general meeting, the Company shall distribute the dividend within two months after the date of the annual general meeting, i.e. on or before 31 August 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE

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

The Company is committed to maintaining good corporate governance practices, with reference to the CG Code. The Board is of the opinion that the Company had complied with all the applicable code provisions as set out in the CG Code during the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

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

The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2023 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers that the annual results of the Group for the year ended 31 December 2023, which have been agreed by the Company's auditors, are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

OTHER EVENTS DURING THE REPORTING PERIOD

Shandong Gold Group Penglai Mining Co., Ltd.* (山東黃金集團蓬萊礦業有限公司) (“**Penglai Mining**”), a wholly-owned subsidiary of the Company, has successfully bid and acquired the Qigouyifen Mine Assets (excluding the liabilities) that Shandong Jinchuang Co., Ltd.* (山東金創股份有限公司) (“**Jinchuang Co.**”) transferred through the SPREC by way of public tender at a base price of RMB465,173,000, and entered into the Asset Transaction Contract on 28 July 2023. After mutual negotiation between Penglai Mining and Jinchuang Co., both parties signed the Supplemental Agreement on 2 August 2023, pursuant to which Penglai Mining agreed to take over the liabilities of RMB324,047,187.67 of the Qigouyifen Mine Assets and the personnel affiliated to the mineral rights. For details, please refer to the announcements of the Company dated 25 July 2023 and 2 August 2023 published on the website of the Hong Kong Stock Exchange.

On 15 August 2023, the 44th meeting of the sixth session of the Board of Directors of considered and approved the Resolution on the Extension of the Validity Period of the Shareholders’ Resolution in relation to the Company’s Issuance of A Shares to Target Subscribers. In view of the implementation of the stock issuance registration system (股票發行註冊制), the issuance to target subscribers is now subject to the approval of the Shanghai Stock Exchange and the consent of the CSRC for registration. As the matters relating to the issuance to target subscribers are still in progress, in order to ensure the continuity and effectiveness of the issuance to target subscribers and the smooth progress of the relevant work, the Board of Directors resolved to propose extension of the validity period of the shareholders’ resolution in relation to the issuance to target subscribers to 29 January 2024. The relevant resolution was considered and approved at the 2023 fourth extraordinary general meeting and the 2023 second H Shares class meeting of the Company held on 1 September 2023. For details, please refer to the Company’s announcement dated 15 August 2023 and circular dated 16 August 2023 published on the website of the Hong Kong Stock Exchange.

On 22 August 2023, the 45th meeting of the sixth session of the Board of Directors considered and approved 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. Penglai Mining and Shandong Gold Jinchuang Group Co., Ltd.* (山東黃金金創集團有限公司) (“**Jinchuang Group**”) entered into the Asset Package Transfer Contract, pursuant to which Jinchuang Group has agreed to sell and Penglai Mining has agreed to purchase the target assets package held by Jinchuang Group, at a total consideration of RMB422,183,204.57. The relevant resolution was considered and approved at the 2023 fifth extraordinary general meeting of the Company held on 12 September 2023. For details, please refer to the Company’s announcement dated 22 August 2023 and circular dated 25 August 2023 published on the website of the Hong Kong Stock Exchange.

On 22 August 2023, the 45th meeting of the sixth session of the Board of Directors considered and approved the Resolution on the Plan for the Public Issuance of Corporate Bonds. In order to further satisfy the capital requirements for the development of the Company's business operations, ensure the long-term stable supply of capital for the Company's development, further broaden the financing channels, leverage its sound capital market image and the cost advantages of direct financing, and reasonably match various financing channels, the Company intends to apply to the Shanghai Stock Exchange and the CSRC for the registration and issuance of corporate bonds (with the approval to be valid within 2 years), with a total amount of not exceeding RMB10 billion (inclusive of RMB10 billion). The relevant resolution was considered and approved at the 2023 fifth extraordinary general meeting of the Company held on 12 September 2023. For details, please refer to the Company's announcement dated 22 August 2023 and circular dated 25 August 2023 published on the website of the Hong Kong Stock Exchange.

EVENTS AFTER THE REPORTING PERIOD

In the view of the fact that the issuance of A shares to target subscribers by the Company has not yet been completed, the Company proposed to extend the validity period of the shareholders' resolution in relation to the issuance of A shares to target subscribers and the validity period of the authorization by the shareholders' meeting to the board and its authorized persons with full discretion to deal with the relevant matters relating to the issuance of shares to target subscribers, in order to ensure the smooth progress of the relevant work. The Company convened the 53rd meeting of the sixth session of the Board and the 32nd meeting of the sixth session of the Supervisory Committee on 27 December 2023, which considered and approved the Resolution on the Extension of the Validity Period of the Authorization by the Shareholders' Meeting to the Board and its Authorized Persons with Full Discretion to Deal with the Relevant Matters relating to the Issuance of A Shares to Target Subscribers, which proposed to extend the validity period of the authorization by the shareholders' meeting of the Company to the Board and its authorized persons with full discretion to handle matters related to the issuance of A shares to target subscribers. As for the authorization, if it involves specific implementations after the approval of the Issuance from the regulatory authority and the stock exchange, the validity period of the authorization shall be from the date of consideration and approval by the general meeting of the Company to the date of completion of such specific implementations, while the validity period of remaining authorization shall be extended to 29 July 2024. The Company convened the 53rd meeting of the sixth session of the Board and the 32nd meeting of the sixth session of the Supervisory Committee on 27 December 2023, which considered and approved the Resolution on the Extension of the Validity Period of the Shareholders' Resolution in relation to the Issuance of A Shares of the Company to Target Subscribers to extend the validity period of the shareholders' resolution on the issuance to target subscribers to 29 July 2024. The relevant resolutions were considered and approved at the 2024 first extraordinary general meeting, the 2024 first A Shares class meeting and the 2024 first H shares class meeting of the Company held on 29 January 2024. For details, please refer to the Company's announcement dated 27 December 2023 and circular dated 12 January 2024 published on the website of the Hong Kong Stock Exchange.

On 26 January 2024 (after trading hours), the Company and Shandong Gold Geological Mine Exploration Co., Ltd. (“**Shandong Gold Exploration**”) entered into the Acquisition Agreement, pursuant to which Shandong Gold Exploration agreed to sell and the Company agreed to acquire the Xiling Gold Mine Exploration Right, at a consideration of RMB10,334,248,700. The relevant resolution was considered and approved at the 2024 second extraordinary general meeting of the Company convened on 7 March 2024. For details, please refer to the Company’s announcement dated 26 January 2024 and the circular dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

On 26 January 2024, in accordance with the latest provisions of the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) of the China Securities Regulatory Commission and the Hong Kong Listing Rules and based on the actual conditions of the Company, the Company made amendments to the Articles of Association and the amendments to the Articles of Association were approved by shareholders at the 2024 second extraordinary general meeting of the Company held on 20 February 2024. For details, please refer to the Company’s announcement dated 26 January 2024 and the circular dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.sdhjgf.com.cn), and the 2023 annual report of the Company containing all the information required by the Hong Kong Listing Rules will be made available on the above websites in due course.

DEFINITIONS

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

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.0 each, which are listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company;
“Board” or “Board of Directors”	the board of directors of the Company;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules;
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this results announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“China Yintai”	China Yintai Holdings Co., Ltd. (中國銀泰投資有限公司), a limited liability company established in the PRC on 18 June 1985 and is indirectly owned as to 92.5% by Mr. Shen;
“CSRC”	China Securities Regulatory Commission;
“Director(s)” or “our Directors”	the director(s) of the Company;
“Group”, “the Group”, “our Group”, “we” or “us”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its existing subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.0 each, which are listed on the Hong Kong Stock Exchange;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules;
“Mr. Shen”	Mr. Shen Guojun (沈國軍), the ultimate beneficial owner of China Yintai and an Independent Third Party;
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;
“Reporting Period”	from 1 January 2023 to 31 December 2023;
“RMB”	Renminbi, the lawful currency of China;
“SDG Group”	SDG Group Co. and all of its subsidiaries;

“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; as of the date of this announcement, SDG Group Co. is held as to 70%, 20% and 10% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd. (山東國惠投資控股集團有限公司) and Shandong Caixin Asset Management Co., Ltd. (山東省財欣資產運營有限公司), respectively. Shandong Guohui Investment Holding Group Co., Ltd. is a limited liability company established in the PRC and is held as to 100% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government;
“SDG Group Finance”	Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a company incorporated in the PRC with limited liability on 17 July 2013, which was held as to 30% by the Company and 70% by SDG Group Co.;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shandong Gold” or “Company”	Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), a joint stock company incorporated in the PRC under the laws of the People’s Republic of China with limited liability on 31 January 2000, 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;
“Shanghai Gold Exchange”	Shanghai Gold Exchange (上海黃金交易所);
“Shanghai Stock Exchange” or “SSE”	Shanghai Stock Exchange (上海證券交易所);
“Share(s)”	shares in the share capital of the Company, with a nominal value of RMB1.0 each, comprising our A Shares and our H Shares;
“Shareholder(s)”	holder(s) of the Share(s);
“Supervisor(s)”	the supervisor(s) of the Company;
“USD”	United States dollar, the lawful currency of the United States;

“Veladero Mine”

the Veladero Mine located in the high Andes Cordillera of central western Argentina, details of which are set out in “Appendix IV – Competent Person’s Report – RPA Report” to the Prospectus; and

“Yintai Gold”

Yintai Gold Co., Ltd. (銀泰黃金股份有限公司), a joint stock company established in the PRC with limited liability on 18 June 1999, the shares of which are listed on the Shenzhen Stock Exchange (000975.SZ), and a non-wholly owned subsidiary of the Company.

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

* For identification purposes only