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**SD-GOLD**

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

**山東黃金礦業股份有限公司**

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

**(Stock Code: 1787)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

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

Set out below is the Announcement on Resolutions of the 27th Meeting of the Sixth Session of the Board of Directors of Shandong Gold Mining Co., Ltd. published by Shandong Gold Mining Co., Ltd. (the “**Company**”) on the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn), for information purpose only.

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

Jinan, the PRC, 25 August 2022

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

## **Announcement on Resolutions of the 27th Meeting of the Sixth Session of the Board of Directors of Shandong Gold Mining Co., Ltd.**

**The Company and all members of its board of directors guarantee the truthfulness, accuracy and completeness of the contents of this announcement, and severally and jointly accept the responsibility in case there are false representations and misleading statements contained in, or material omissions from, this announcement.**

### **I. CONVENING OF THE BOARD MEETING**

The 27th meeting of the sixth session of the board of directors of Shandong Gold Mining Co., Ltd. (the “Company”) was notified in writing on 10 August 2022 and held at the conference room of the Company, No. 2503, Jingshi Road, Licheng District, Jinan by way of on-site meeting and video conference on 25 August 2022. All the 9 eligible directors attended the meeting. The convening of the meeting followed the regulatory provisions stipulated in the Company Law, the Articles of Association, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance of Hong Kong, and was lawful and valid.

### **II. RESOLUTIONS CONSIDERED AT THE BOARD MEETING**

The following resolutions were considered and approved by means of registered ballot at the meeting:

#### **(I) Resolution regarding the Half-year Report and its Summary for 2022**

The Half-year Report and its Summary for 2022 of the Company includes the A-share half-year report and the H-share interim report, which were prepared in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Chinese Accounting Standards for Business Enterprises, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the International Financial Reporting Standards, respectively; in particular, the A-share

half-year report includes its full text and summary. For details, please refer to the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) for disclosure; the H-share interim report includes the interim results announcement and the interim report. The results announcement was disclosed on the disclosure website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) after close of trading on 25 August 2022; the full text of H-share interim report will be disclosed on disclosure website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) no later than 30 September.

Voting results: Votes for: 9    Votes abstained: 0    Votes against: 0

**(II) Resolution regarding the Special Report on the Deposit and Use of Proceeds for the Half Year of 2022**

For details, please refer to the Announcement of Shandong Gold Mining Co., Ltd. regarding the Special Report on the Deposit and Use of Proceeds for the Half Year of 2022 (Lin 2022-057).

Voting results: Votes for: 9    Votes abstained: 0    Votes against: 0

**(III) Resolution regarding the Report on the Company's Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd.** (Related Directors Li Hang, Wang Lijun and Wang Xiaoling avoided voting, and all the other 6 Directors agreed)

In accordance with the requirements of the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 5 – Transaction and Related Party Transaction, the Company has reviewed the half-year financial report of the Shandong Gold Group Finance Co., Ltd. (山东黄金集团财务有限公司), assessed its operating quality, business and risk status, and prepared the Report on the Shandong Gold Mining Co., Ltd.'s Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd.

Voting results: Votes for: 6    Votes abstained: 0    Votes against: 0

#### **(IV) Resolution regarding the Acquisition of the Mining Rights and Related Assets of Houzhao Gold Mine of Laizhou Jinhui Mining Co., Ltd. by a Wholly-owned Subsidiary**

In order to actively develop the Company's quality resources and enhance the Company's core competitiveness, Shandong Gold Mining (Laizhou) Co., Ltd. ("Laizhou Company"), a wholly-owned subsidiary of the Company, purchased from Laizhou Jinhui Mining Co., Ltd. ("Jinhui Mining") for the mining rights and relevant assets of Houzhao Gold Mine located in Houzhao Village, Zhuqiao Town, Laizhou City, at a transfer price of RMB15,220,000 as determined by mutual agreement based on the appraised value as at the appraisal base date on 31 August 2021, less the estimated calculated value of the grant income corresponding to the resources amount of mining rights. Details of the acquisition are as follows:

##### **1. Subject of the transaction**

Transferor: Laizhou Jinhui Mining Co., Ltd. (held as to 40.12%, 40.12% and 19.76% by natural persons Wu Xiaowei, Yu Xiaozhong and Li Guangxing, respectively)

Transferee: Shandong Gold Mining (Laizhou) Co., Ltd., a wholly-owned subsidiary of the Company

##### **2. Basic information on the acquisition target**

###### **(1) Basic information on the mining rights**

Jinhui Mining owns the original mining rights of "Houzhao Gold Mine of Laizhou Jinhui Mining Co., Ltd.", with the certificate number of C3700002011034130108788; address: Houzhao Village, Zhuqiao Town, Laizhou City; mining type: gold mine; mining method: underground mining; production scale: 60,000 tonnes/year; mining area: 0.1156 square kilometers; mining depth: from 35 meters to -220 meters elevation; validity period: from 22 November 2017 to 22 November 2022. In accordance with the timing requirements of the Shandong Provincial Government regarding the integration of gold mineral resources in eight districts (cities) of Yantai City, on 20 April 2022, Laizhou Company obtained the Mining Permit for the integrated Jiaojia Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., with the certificate number of C1000002011024120106483, which covers the mining area of Houzhao Gold Mine after the integration.

According to the Mineral Resource Reserve Assessment Filing Certificate (Lu Guo Tui Zi Chu Bei Zi [2017] No. 116) in the Verification Report on the Resource Reserves of Houzhao Gold Mine in Sizhuang Mining Area, Laizhou City, Shandong Province, as at 31 December 2016, the reserves held within the mining right area of Houzhao Gold Mine were as follows: gold ore: 685,988 tonnes of ore, 1,871kg of gold metal, with an average grade of 2.73g/t. Among them: (122b) ore volume was 506,784 tonnes with 1,449kg of gold metal at an average grade of 2.86g/t; (333) ore volume was 116,230 tonnes with 339kg of gold metal at an average grade of 1.32g/t. Low grade (333) ore volume was 62,974 tonnes with 83kg of gold metal at an average grade of 1.32g/t. Associated silver (333) ore volume was 685,988 tonnes with 5,700kg of silver metal at an average grade of 8.31g/t. The associated sulphur (333) ore volume was 685,988 tonnes, with a total sulphur volume of 18,933 tonnes at an average grade of 2.76%, equivalent to a sulphur standard ore volume of 54,095 tonnes.

(2) Relevant assets involved in the target mining rights include a total of 14 items, such as main shaft, stone portal road in each middle section and main haulage roadway in each middle section.

### **3. Appraisal of the target assets**

#### **(1) Appraisal of the mining rights of Houzhao Gold Mine**

According to the Appraisal Report on the Mining Rights of Houzhao Gold Mine of Laizhou Jinhui Mining Co., Ltd. (莱州金辉矿业有限公司) (Lu Tianpingxin Kuang Ping Zi [2021] No. 070) issued by Shandong Tianpingxin CPA Limited (山东天平信有限责任公司) after appraisal, the “discounted cashflow method” was adopted to appraise the "mining rights of Houzhao Gold Mine of Laizhou Jinhui Mining Co., Ltd." at RMB18,538,900 as at the appraisal base date.

#### **(2) Appraisal of relevant assets**

According to the Appraisal Report on the Market Value of Certain Assets of Laizhou Jinhui Mining Co., Ltd. involved in the Assets to be acquired by Shandong Gold Mining (Laizhou) Co., Ltd. (山东黄金矿业(莱州)有限公司) issued by Shandong Zhongping Hengxin Assets Appraisal Co., Ltd. (山东中评恒信资产评估有限公司) (Zhong Heng Lu Ping Bao Zi [2021] No. 168) after appraisal, the

replacement cost method was adopted for the appraisal of sinking and driving engineering. The appraised value of relevant assets of Jinhui Mining was RMB6,519,000 as at the appraisal base date.

(3) Calculation of the market benchmark price of grant income

According to the Calculation Report on the Market Benchmark Price of Grant Income for the Mining Rights of Houzhao Gold Mine of Laizhou Jinhui Mining Co., Ltd. issued by Shandong Tianpingxin CPA Limited (Lu Tianpingxin Kuang Ping Zi Zi [2021] No. 008), the result calculated at the market benchmark price of grant income was RMB9,835,100.

(4) Pricing principles

Given a payment of the grant income is required for the continuation (integration) of the mining rights of Houzhao Gold Mine, both parties agree that the transfer price of the mining rights and relevant assets of Houzhao Gold Mine shall be determined at RMB15,220,000 with reference to the appraisal results and after deducting the grant income of mining rights payable.

**4. Core terms of the agreement**

(1) Transfer price

According to the appraisal results, after deducting the estimated calculated value of the grant income corresponding to the resources amount of mining rights to be transferred, the transfer price for the mining rights and relevant assets after negotiation between both parties was RMB (in words) fifteen million two hundred and twenty thousand (RMB15,220,000.00) (tax included).

(2) Payment of the transaction price

Both parties agree that within 15 working days after the target mining rights and relevant assets have been transferred to the name of Laizhou Company, and both parties have completed the transfer procedures without any disputes; Jinhui Mining has completely dealt with the penalties, and there are no administrative penalties such as fines for the mining rights and the land involved; both parties have cooperated to complete all the Company's approval procedures and others, Laizhou Company shall pay Jinhui Mining the transfer price for all the mining rights and relevant assets. Laizhou Company has the right to suspend payment until completion of the above

matters due to reasons on the side of Jinhui Mining, and will not be liable for breach of contract.

#### **5. The impact of the acquisition of mining rights on the Company**

Laizhou Company's acquisition of the mining rights of Houzhao Gold Mine of Jinhui Mining is necessary for the integrated development of Jiaojia Gold Mine. It may ensure the unified planning and construction of Jiaojia Gold Mine after the integration, and is conducive to guaranteeing the stability of production and operation of Jiaojia Gold Mine. It will have a positive impact on improving the profitability and operating results of the Company, which is in the interest of all shareholders.

Voting results: Votes for: 9    Votes abstained: 0    Votes against: 0

#### **(V) Resolution regarding Increasing the Registered Capital of Cardinal Namdini Mining**

In order to meet the provisions of Ghana's Investment Promotion Center Law, Cardinal Namdini Mining Limited ("Namdini") is required to be registered with the Ghana Investment Promotion Center, and the company's registered capital shall not be less than US\$500,000. Therefore, Cardinal Resources will increase the capital of Namdini with its own capital of US\$500,000. The details are as follows:

##### **1. Basic information on the project**

Shandong Gold Mining (Hong Kong) Co., Limited ("SDG Hong Kong"), an overseas wholly-owned subsidiary of the Company, and Cardinal Resources Limited ("Cardinal Resources") entered into the Offer Implementation Agreement on 18 June 2020. SDG Hong Kong completed the acquisition in March 2021 in accordance with the 2001 Companies Act of the Commonwealth of Australia of 100% shares of Cardinal Resources, which became a wholly-owned subsidiary of SDG Hong Kong accordingly.

Cardinal Namdini Mining Limited ("Namdini") is a wholly-owned subsidiary of Cardinal Resources. The basic information is as follows:

(1) Company Registration Code: CS091702016

(2) Company Type: limited liability company

(3) Date of Establishment: 30 May 2016

(4) Registered Address: NO.14 ABEKA ROAD, TESANO, ACCRA, GREAT ACCRA, Ghana (P.O.BOX KIA 16325 AIRPORT, ACCRA)

(5) Principal Activity: mining and exploration.

(6) Namdini is currently wholly owned by Cardinal Resources. After the capital increase, the registered capital of Namdini will be US\$500,000, which is still wholly owned by Cardinal Resources.

Namdini owns the mining rights in the Namdini region. Up to now, Namdini is carrying out preliminary work for project construction such as community relocation, access road construction, application for tailings pond license, early earthwork, camp design, and tailings pond design.

As audited by a local accounting firm and converted into Renminbi, Namdini had total assets of RMB85,514,288, total liabilities of RMB155,325,730, and owner's equity of RMB-69,811,443 as at the base date on 31 December 2021, mainly because the exploration expenses for previous years were included in profit and loss.

## **2. The impact of the capital increase on the listed company**

Cardinal Resources uses its own funds to increase the capital of Namdini under the premise of ensuring normal production and operation of the Company and its subsidiaries and the risks under control. That will not affect the normal turnover needs of the Company for daily funds, and is expected to increase potential investment returns in the future. There is no circumstance that the transaction will prejudice the interests of the listed company and its shareholders.

## **3. Analysis of risks for the transaction**

The capital increase may have the risk of uncertain investment returns in the future. Despite Ghana's current stable political situation and sound business environment, as well as steady development of China-Ghana economic and trade relations, we should continue to monitor changes in the local political environment and mining investment policies, and take precautionary measures against risks.



Voting results: Votes for: 9    Votes abstained: 0    Votes against: 0

Announcement is hereby made.

The Board of Shandong Gold Mining Co., Ltd.

25 August 2022