



SD GOLD

山東黃金礦業股份有限公司 SHANDONG GOLD MINING CO., LTD.

(於中華人民共和國註冊成立的股份有限公司)

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

A Share Stock Code A股份代號：600547 H Share Stock Code H股份代號：1787

2024

ANNUAL REPORT

年度報告



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liu Qin
Mr. Wang Shuhai
Mr. Tang Qi

NON-EXECUTIVE DIRECTORS

Mr. Li Hang
Ms. Wang Xiaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUPERVISORS

Mr. Li Xiaoping
Ms. Liu Yanfen
Mr. Luan Bo

AUDIT COMMITTEE

Ms. Zhao Feng (*Chairman*)
Mr. Li Hang
Ms. Wang Xiaoling
Mr. Wang Yunmin
Mr. Liew Fui Kiang

NOMINATION COMMITTEE

Mr. Wang Yunmin (*Chairman*)
Mr. Liu Qin
Mr. Liew Fui Kiang
Ms. Zhao Feng

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Liew Fui Kiang (*Chairman*)
Mr. Wang Shuhai
Mr. Tang Qi
Mr. Wang Yunmin
Ms. Zhao Feng

STRATEGY COMMITTEE

Mr. Li Hang (*Chairman*)
Ms. Wang Xiaoling
Mr. Wang Yunmin
Mr. Liew Fui Kiang

JOINT COMPANY SECRETARIES

Mr. Tang Qi
Ms. Ng Sau Mei (*FCG, HKFCG*)

HONG KONG LEGAL ADVISER

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PRC LEGAL ADVISER

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Postal Code: 250014

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor

DOMESTIC AUDITOR

ShineWing Certified Public Accountants
(Special General Partnership)

H SHARE REGISTRAR

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16 Harcourt Road
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REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

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Postal Code: 250107

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Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 01787
Shanghai Stock Exchange: 600547

WEBSITE

<http://www.sdhjgf.com.cn>

FINANCIAL HIGHLIGHTS

2020-2024 FINANCIAL INFORMATION AS EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS:

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	82,517,994	59,275,275	50,305,754	33,932,646	63,689,514
Cost of sales	(70,304,639)	(50,647,596)	(44,138,322)	(31,557,552)	(56,956,948)
Gross profit	12,213,355	8,627,679	6,167,432	2,375,094	6,732,566
Selling expenses	(184,583)	(147,179)	(176,421)	(361,149)	(107,147)
General and administrative expenses	(2,938,285)	(2,614,946)	(2,465,844)	(2,409,669)	(2,831,702)
Research and development expenses	(770,411)	(487,195)	(399,567)	(345,606)	(390,492)
Other income	36,660	28,494	26,070	21,104	27,183
Other gains and (losses), net	(892,648)	(510,713)	(318,771)	1,347,506	143,773
Finance income	190,017	145,110	85,147	71,645	73,714
Finance costs	(2,074,453)	(1,568,275)	(1,051,000)	(732,639)	(832,827)
Share of results of associates	33,485	15,237	35,273	21,820	10,669
Profit/(loss) before tax	5,613,137	3,488,212	1,902,319	(11,894)	2,825,737
Income tax expenses	(1,225,538)	(664,969)	(548,525)	(217,620)	(574,202)
Profit/(loss) for the year	4,387,599	2,823,243	1,353,794	(229,514)	2,251,535
Profit/(loss) for the year attributable to:					
– Owners of the Company	2,898,680	2,267,383	1,193,433	(221,301)	1,998,918
– Non-controlling interests	1,488,919	555,860	160,361	(8,213)	252,617
	4,387,599	2,823,243	1,353,794	(229,514)	2,251,535
Earnings/(losses) per share					
– Basic and diluted (RMB) (Note)	0.56	0.40	0.19	(0.10)	0.46

Note: During the Reporting Period, the profit for the year attributable to the holders of the Company's equity instruments was amounted to approximately RMB2,898,680,000. For the calculation of basic and diluted earnings per share, the profit for the year attributable to owners of the Company during the Reporting Period was amounted to approximately RMB2,493,846,000, excluding the profit attributable to the holders of perpetual bonds of approximately RMB404,834,000.

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Assets and liabilities					
Total assets	161,010,475	135,018,841	91,291,330	79,036,550	70,105,973
Total liabilities	102,453,678	81,721,127	54,475,408	47,075,671	34,437,650
Non-controlling interests	20,853,004	20,218,782	3,871,319	2,632,225	4,644,235
Perpetual bonds	12,941,338	9,938,377	9,937,528	6,249,387	3,999,387
Total equity attributable to owners of the Company (Note)	37,703,793	33,078,932	32,944,603	29,328,654	31,024,088

Note: At the end of the Reporting Period, the total equity attributable to owners of the Company included the interest attributable to the holders of the perpetual bonds of approximately RMB12,941,338,000. After deducting the interest attributable to the holders of perpetual bonds, the total equity attributable to owners of the Company at the end of the Reporting Period was approximately RMB24,762,455,000.

CHAIRMAN'S STATEMENT

To all Shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Shandong Gold Mining Co., Ltd..

On behalf of the Board, I am delighted to present the 2024 annual report of Shandong Gold and to report on the Company's performance for the period to all Shareholders.

OVERVIEW OF THE COMPANY'S OPERATION

The Company's main business, operating model and conditions of the industry during the Reporting Period

The Company's main business during the Reporting Period

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.

Operating Model

Large-scale production and operation

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 countries such as Argentina, South America, Ghana, Africa and Namibia. By adopting the gold production model of scattered mining and beneficiation and centralized smelting, the Company's mines have utilized the mechanized and large-scale mining equipment, the automated transportation and lifting system, and the advanced and intelligent beneficiation technology to realize the large-scale, intensive and mechanized mining of gold resources. The mechanization rate of mining operations in major mines reached over 65%, the mechanization rate of shoveling and transportation reached 100%, and the automation rate of major fixed facilities reached over 95%. In 2024, the Company accelerated the increase of reserves by exploration and project construction, actively promoting the construction of world-class gold production bases in the Jiaodong Peninsula, including Jiaojia Gold Mine, Xincheng Gold Mine and Sanshandao Gold Mine.

CHAIRMAN'S STATEMENT

Lean operation and control

The Company has established a lean management philosophy that emphasizes full participation, collaborative efficiency, and continuous improvement, effectively enhancing fine management capabilities, strengthening cost control, and enhancing operational efficiency. The Company has comprehensively enhanced the lean management level of the entire industry chain, including procurement, production, management, and supply chain, building a tightly integrated and smoothly operating business model. By adopting a systematic control model covering exploration, surveying, mining, processing and smelting, the Company promotes the deep integration of technology and production, achieving dual improvements in efficiency and profitability. In 2024, the Company optimized the production systems of mining enterprises, with a cumulative investment of RMB1.373 billion, completing 712,600 cubic meters of excavation, and increasing mining capacity by an average of 4.3%. Through the optimization of mineral processing systems, processes, and beneficiation and smelting, the processing recovery rate increased by 0.44 percentage point year-on-year in 2024.

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 2024, investment in research and development increased by 8.42% year-on-year. Two enterprises have been newly awarded provincial-level scientific and technological enterprise titles such as “specialized and new” small and medium-sized enterprises and small and medium-sized high-tech company. The project of “Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines” won the second prize of the National Science and Technology Progress Award. The Company has successfully won two provincial-level science and technology progress awards and 38 association awards. During the year, we applied for 265 patents and obtained 176 authorized patents; we took the lead or participated in the formulation of six standards. The Company has been approved for one national science and technology project and one provincial and ministerial-level project, marking a new journey in national-level and provincial-level and ministerial-level major science and technology projects.

Safe and green development

The Company has deeply carried out the three-year action to tackle the root causes of safety production, accelerating the transformation of mechanization and automation to continuously enhance the level of intrinsic safety. The Company thoroughly implemented the concept of green development, actively carried out the “carbon peaking and carbon neutral” work. The Company accelerated the reforming and upgrading of pollution prevention facilities for “three wastes” and the restoration and management of mine ecological environments. The Company has revised green mine construction standards and systems in line with the latest national standards, establishing a long-term management mechanism. Relying on the Company's green mines, SDG Group was awarded the title of “Prize for Outstanding Contribution to Green Mines in 2024” issued by the Zhongguancun Green Industry Alliance (中關村綠色產業聯盟), further enhancing the green development of “Ecological Shandong Gold”.

CHAIRMAN'S STATEMENT

Industry Development and the Position of the Company in the Industry

The development of the gold industry is closely related to the complex global political and economic environment. In 2024, influenced by multiple factors such as the shift towards monetary easing by central banks of major economic system, the weakening of the US dollar credit system, and the continuous escalation of global geopolitical risks, the value of gold as a safe-haven asset and its function as a hedge against the depreciation of fiat currencies were fully highlighted. Many central banks around the world continued to increase their gold holdings, and gold investment demand remained strong, with domestic and overseas gold prices repeatedly hitting record highs.

During the Reporting Period, the global political and economic situation was complex and ever-changing. On one hand, the European and US central banks initiated interest rate cuts despite high inflation risks, significantly increasing investors' concerns about future inflation resurgence. On the other hand, the US fiscal deficit and debt scales continued to rise, significantly increasing the fiscal burden and further weakening the US dollar's credit. Additionally, the ongoing turmoil in the Middle East and the escalating Russia-Ukraine conflict also significantly increased global geopolitical uncertainty.

During the Reporting Period, gold prices overall showed a significant upward trend. The international spot gold price in 2024 ranged from the highest of US\$2,790/ounce to the lowest of US\$1,984/ounce, with a maximum volatility of US\$806/ounce; closed at US\$2,624/ounce at the end of the year, up by approximately 27% as compared to the closing price of US\$2,062/ounce at the end of last year. The contract price of Shanghai Gold Exchange Au (T+D) in China reached the highest of RMB637.3/g and the lowest of RMB476.03/g, and closed at RMB614.82/g at the end of the year, representing an increase of approximately 28% over the closing price of RMB479.91/g at the end of last year.

During the Reporting Period, total global gold demand hit record highs but domestic gold demand fell. According to statistics of the World Gold Council, total global gold demand (including OTC transactions) in 2024 reached a record high of 4,974 tonnes. Global central banks continued to purchase approximately 1,045 tonnes of gold, with gold purchases exceeding 1,000 tonnes for three consecutive years. According to the statistics of the China Gold Association, China's gold consumption in 2024 was 985.31 tonnes, representing a year-on-year decrease of 9.58%. They included gold jewelry of 532.02 tonnes, representing a year-on-year decrease of 24.69%; gold bars and gold coins of 373.13 tonnes, representing a year-on-year increase of 24.54%; and industrial and other gold products of 80.16 tonnes, representing a year-on-year decrease of 4.12%. The People's Bank of China increased its gold holdings by 44.17 tonnes during the year. As of the end of 2024, China's gold reserves reached 2,279.57 tonnes, setting a new historical record.

During the Reporting Period, the total amount of gold traded on the domestic gold exchanges recorded a significant 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 2024 was 62,300 tonnes (unilateral: 31,100 tonnes), representing a year-on-year increase of 49.90%, with a bilateral turnover of RMB34.65 trillion (unilateral: RMB17.33 trillion), representing a year-on-year increase of 86.65%. The accumulated bilateral trading volume of all gold products on the Shanghai Futures Exchange was 182,200 tonnes (unilateral trading volume: 91,100 tonnes), representing a year-on-year increase of 46.71%, with a bilateral turnover of RMB83.96 trillion (unilateral: RMB41.98 trillion), representing a year-on-year increase of 75.81%.

During the Reporting Period, the domestic gold production continued to grow year-on-year. According to the statistics of the China Gold Association, the gold produced with domestic raw materials was 377.242 tonnes in 2024, an increase of 2.087 tonnes as compared to 2023, representing a year-on-year increase of 0.56%. Among them, the gold mine-produced gold was 298.408 tonnes, and the non-ferrous by-products was 78.834 tonnes. In addition, the gold produced from imported raw materials was 156.864 tonnes in 2024, representing a year-on-year increase of 8.83%. When including gold produced from imported raw materials, a total of 534.106 tonnes of gold were produced nationwide, representing a year-on-year increase of 2.85%. In 2024, large scale gold groups in China achieved a gold production of 71.94 tonnes from overseas mines, representing a year-on-year increase of 19.14%.

CHAIRMAN'S STATEMENT

The Company is one of the leading gold producers in China, with abundant reserves of gold resources. Through optimization of production organization, intensification of resource exploration and active merger and acquisition integration, the Company comprehensively enhanced the level of scientific and technological innovation, and continuously increased its gold resources and production. In 2024, the Company closely followed the annual goal of “digital intelligence empowerment, simultaneous improvement of quality and efficiency”, focusing on strengthening foundation, improving quality and efficiency, optimizing system, and stabilizing development. The Company scientifically planned production organization, continuously optimized production layout, and facilitated the enterprises to dig deeper into the internal potential, stabilize and increase production. The Company had the gold mine production volume of 46.17 tonnes, representing 15.47% of the total gold production volume of mining enterprises in the PRC.

Shandong Gold had 12 mines with an annual production of more than 1 tonne of gold in 2024, with 6 mines achieving a production increase of over 10%, of which the domestic mines produced a total of 38.32 tonnes of gold, representing a year-on-year increase of 8.43% and was the listed company with the highest gold production of domestic mines in the PRC, and overseas mines produced a total of 7.85 tonnes of gold, representing a year-on-year increase of 21.89%, accounting for 10.91% of the total overseas gold production of large scale gold groups.

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, continuously focused on the cutting-edge technologies of the mining industry, increased its investment in scientific and technological research and development, actively undertaken provincial and ministerial-level key research and development projects, strengthened the construction of its own innovation platform, and adhered to the path of independent innovation, with its mining and beneficiation technologies at the leading level in the industry. The Company, following the idea of “internal growth and external expansion to optimize and increase resources”, is strengthening exploration and reserve expansion internally while relying on the resource integration in important metallogenic zones to externally acquire quality resources in an active manner, so as to continuously consolidate our leading position. Meanwhile, the Company promoted the construction of infrastructure mines, stabilized the output of in-production mines, and enhanced the operational capability of production mines, striving to create a model for high-quality development of mining operations. Acting deeply on the concept of “lucid waters and lush mountains are invaluable assets”, the Company continuously improved the safety and environmental protection management system, and continuously upgraded the standards of green mine construction in terms of mining environment, green development, comprehensive resource utilization, energy saving and emission reduction, enterprise management and community harmony, accelerating the formation of a new mode of mining development in line with the requirements of ecological civilization construction, and achieving a significant enhancement in ecological and environmental protection level. The Company always placed safety production 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 health, sustainable and high-quality development.

CHAIRMAN'S STATEMENT

Advantage in Resource

Shandong Province has the largest gold reserves in China, with Jiaodong region being the world's third-largest gold enrichment area. The Company's major mines are located in the Jiaodong region, which is uniquely endowed with resource advantages. Upholding the concept of "resource first, efficiency focused, innovation centered" in an unwavering manner, the Company internally increased exploration investment and efforts in and around in-production mines to extend the service life of existing mines, and the Company externally engaged in mergers and acquisitions in an active manner to acquire high-quality mineral resources in important domestic and overseas mining regions. In 2023, the Company acquired a total of 28.89% of the shares of Shanjin International, further enhancing the Company's resource reserves through the strong alliance with Shanjin International. In 2024, the Company successfully won the bid for the exploration right of the peripheral rim of Daqiao Gold Mine, acquired 70% of the equity interests of Baotou Changtai Mining, and completed the acquisition of the exploration right of Xiling Gold Mine. Shanjin International merged 100% of the shares of Osino, the aforesaid acquisition significantly increasing the Company's resource reserves. As of the end of 2024, the Company retained resource reserves of 2,058.46 tonnes of gold metal (calculated based on the proportion of interest held by the Company).

Advantage in the Company's Scale

Relying on its abundant gold resources, the Company has scientifically organized its production and operations. It owns a total of 12 mines with an annual production of more than 1 tonne of gold and four mines among six gold mining company with the cumulative gold production exceeding 100 tonnes in the country, and Jiaojia Gold Mine, Sanshandao Gold Mine and Xincheng Gold Mine have been on the list of China Top Ten Mines in Gold Production for several consecutive years. Shandong Gold Smelting Co., Ltd. boasts a daily processing capacity of 1,200 tonnes of gold concentrate, with an annual refining capacity of 100 tonnes of standard gold and 50 tonnes of silver, enjoying a leading position among the national top ten smelting and refining enterprises for many years. According to the statistics of the China Gold Association, Shanjin International's mine-produced gold in 2023 ranked sixth among listed gold companies in the country. Shanjin International was also a mining company with higher gross profit margins among gold mines. Its total profit and net profit in 2023 ranked fourth among listed gold mining companies in the country. In recent years, the Company has accelerated the construction progress of key projects, promoted the construction of intelligent mining areas in major mines, and further enhanced the equipment level and degree of mechanization, automation and intelligence of mines, ensuring increased production and efficiency in mines.

Advantage in Scientific and Technological Innovation

The Company continued to adhere to problem orientation for its scientific and technological innovation work, and set up key topics around six directions: deep geological exploration, deep shaft construction, tailings reduction and resource utilization, refractory smelting technology research, paste filling demonstration and intelligent support systems, tackling the topics through the concentration of scientific research efforts. Among them, the mineral processing and smelting laboratory conducted experimental research such as AI (Artificial Intelligence) sorting, X-ray sorting, color sorter sorting, and microwave heating sorting in terms of "pre-enrichment, sorting and waste disposal before ore selection", aiming to achieve pre-enrichment, sorting and waste disposal of crushed ore, thereby realizing tailings reduction and resource utilization from the source. Sanshandao Gold Mine took the lead in a deep shaft construction project jointly tackled by five scientific research units and successfully dug to -1,750 meters, setting a record for the deepest shaft in Asia. In 2024, the Company was honored with 41 awards at the provincial and ministerial levels or above, and made a huge breakthrough in the award of scientific and technological achievements. The "Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines" won the second prize of the National Science and Technology Progress Award. The "Research and Demonstration Project on Key Technologies and Equipment for Intelligent, Safe and Efficient Mining of Deep Earth Resources" was successfully selected into the "Top Ten Scientific and Technological Achievements" of Shandong provincial enterprises.

CHAIRMAN'S STATEMENT

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 continuously improves the selection and appointment mechanism, and promotes the construction of young cadres; continuously improves the professional and technical position and rank system and smooths the career development channels for professional and technical personnel; and actively innovates to establish a self-assessment system for professional workers with specialized skills in gold mining industry. Shandong Gold flexibly introduced five leading talents closely related to the main business of gold to exert their effectiveness of leadership. Relying on enterprise production practices and scientific research projects, it jointly cultivates postgraduate students with Northeastern University every year, building a solid technical force. 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. 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.

Brand Advantage

Based in China, Shandong Gold optimized and expanded its principal gold business with an international vision. The Company was included into the Shanghai Stock Exchange 50 Index, the Shanghai Stock Exchange 180 Index, as well as three major international indices, namely the MSCI Indices, FTSE Russell and S&P Dow Jones Indices for multiple times. In 2024, the Company was honored with the Special Contribution to Corporate Governance Award (公司治理特別貢獻) by Boardroom Magazine (董事會雜誌) and selected as the Best Practices in the Board of Directors of Listed Companies, Best Practices in Investor Relations Management, Best Practices in Sustainable Development and other outstanding cases by the China Association for Public Companies. The Company comprehensively implemented Xi Jinping's idea of ecological civilization, firmly established and practiced the concept that “lucid waters and lush mountains are invaluable assets”, and collaborated in promoting carbon reduction, pollution reduction, green expansion and growth. The Company deeply promoted prevention and control of environmental pollution, accelerated the progress of the “Three-Simultaneous” in environmental protection and the construction of key environmental protection facilities, and strengthened special inspections and supervision of environmental protection in key areas, effectively enhancing the Company's capability to prevent environmental risks. The Company continued to consolidate and elevate the construction of green mines, completed the formulation of the carbon peak action plan, steadily advanced the “dual carbon”, and further improved the brand image of “Ecological Shandong Gold”.

By order of the Board of Directors

Li Hang

Chairman

Jinan, the PRC
27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group's:

- **revenue** increased by approximately 39.21% to approximately RMB82,517.99 million from approximately RMB59,275.28 million for the same period in 2023, which was mainly due to the increase in sales volume and sales price of self-produced gold, externally purchased gold during the Reporting Period.
- **cost of sales** increased by approximately 38.81% to approximately RMB70,304.64 million from approximately RMB50,647.60 million for the same period in 2023, which was mainly due to the increase in the cost of self-produced gold and externally purchased gold during the Reporting Period.
- **gross profit** increased by approximately 41.56% to approximately RMB12,213.36 million from approximately RMB8,627.68 million for the same period in 2023, which was mainly due to the increase in gross profit from self-produced gold sales during the Reporting Period.
- **selling expenses** increased by approximately 25.41% to approximately RMB184.58 million from approximately RMB147.18 million for the same period in 2023, which was mainly due to the increase in sales commissions at subsidiaries during the Reporting Period.
- **other gains and losses, net** increased by approximately 74.79% to a loss of approximately RMB892.65 million from a loss of approximately RMB510.71 million for the same period in 2023, which was mainly due to the increase in losses on exchange currency during the Reporting Period.
- **finance costs** increased by approximately 32.28% to approximately RMB2,074.45 million from approximately RMB1,568.28 million for the same period in 2023, which was mainly due to the increase in interest expenses as a result 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 2024, the Group's reserves amounted to approximately RMB20,289.03 million and short-term borrowings amounted to approximately RMB32,766.15 million. The bank balances and cash of the Group as at 31 December 2024 were approximately RMB9,931.63 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB2,938.70 million from SDG Group Finance and Shandong Gold Group Co., Ltd. at an interest rate ranging from 2.2% to 4% per annum. The Company has issued corporate bonds. Please refer to “Information of Corporate Bonds” in the “Report of the Directors” of this annual report for details.

At the same time, the Group has arranged bank loans of approximately RMB59,375.848 million through several banks in China, with annual interest rates ranging from 1.60% to 13.25% (including gold leasing of RMB9,730.9 million).

CASH FLOWS

The Group’s bank balances and cash have increased from approximately RMB8,352.9 million as at 31 December 2023 to approximately RMB9,931.63 million as at 31 December 2024.

ASSETS AND LIABILITIES

As at 31 December 2024, the Group’s:

- **prepayment, trade and other receivables** increased by approximately 31.42% to approximately RMB7,033.90 million from approximately RMB5,352.32 million as at 31 December 2023, 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.
- **property, plant and equipment** increased by approximately 22.34% to approximately RMB61,611.39 million from approximately RMB50,357.96 million as at 31 December 2023, mainly due to the increase in investment in fixed assets during the Reporting Period.
- **intangible assets** increased by approximately 44.43% to approximately RMB47,644.61 million from approximately RMB32,988.31 million as at 31 December 2023, mainly due to the increase in the acquisition of Xiling mineral rights.
- **inventories** decreased by approximately 22.46% to approximately RMB7,740.89 million from approximately RMB9,983.35 million as at 31 December 2023, mainly due to the increase in inventory sales during the Reporting Period.
- **trade and other payables** increased by approximately 38.41% to approximately RMB27,649.84 million from approximately RMB19,976.44 million as at 31 December 2023, mainly due to the increase in the amounts payable for mining rights and engineering equipment by the Company and its subsidiaries during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

- **current income tax liabilities** increased by approximately 38.12% to approximately RMB731.33 million from approximately RMB529.48 million as at 31 December 2023, mainly due to the increase in profits and income tax expenses during the Reporting Period.
- **borrowings (including current and non-current liabilities)** increased by approximately 16.09% to approximately RMB59,375.85 million from approximately RMB51,143.97 million as at 31 December 2023, mainly due to the increase in investment and financing scale during the Reporting Period.

FINANCIAL ASSETS MEASURED AT FAIR VALUE

Unit: RMB0'000

Asset class	Opening balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Purchase amount of the current period	Amount sold/ redeemed in current period	Other changes	Closing balance
Stocks	475,759.73	(30,080.59)	-	-	-	-	-	445,679.14
Trust products	48,037.4	3,761.38	-	-	-	1.11	-	51,797.68
Private equity	180,913.28	(1,242.22)	-	-	5,149.14	21,512.7	-	163,307.49
Futures	25,777.52	134.25	-	-	42,268.02	67,534	(453.87)	191.91
Derivatives	(145.52)	(4,394.49)	-	-	41,898.27	43,436.63	5,084.89	(993.48)
Others	172,054.33	6,386.74	-	-	1,834,818.11	1,847,274.84	(799.29)	165,185.05
Receivables financing	716.75	-	-	-	-	-	(708.75)	8
Total	903,113.49	(25,434.93)	-	-	1,924,133.54	1,979,759.28	3,122.98	825,175.79

Note: Other categories of financial assets are mainly the entrusted wealth management products held by SDG Capital Management, a wholly-owned subsidiary of the Company, and its subsidiaries, and Shanjin International, a holding subsidiary of the Company, and its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in securities

Unit: RMB0'000

Types of securities	Stock code	Abbreviation of securities	Initial investment cost	Source of funds	Opening carrying amount	Gains and losses from	Cumulative changes in fair value included in equity	Purchase amount of the current period	Amount sold in the current period	Investment	Closing carrying amount	Accounting items
						changes in fair value in the current period				profit and loss in the current period		
Stock	601899	Zijin Mining	5,000.00	Self-owned funds	33,225.63	5,513.40	-	-	31,872.46	15,749.37	6,866.57	Financial assets held for trading
Stock	600022	Shandong Iron and Steel	5,000.00	Self-owned funds	246.69	14.41	-	-	-	-	261.10	Financial assets held for trading
Funds	/	/	3,100.00	Self-owned funds	14,402.82	-1,233.74	-	4,900.00	-	113.78	18,069.09	Financial assets held for trading
Others	/	/	500.00	Self-owned funds	5,340.52	-202.67	-	-	3,000.00	-	2,137.85	Financial assets held for trading
Total	/	/	13,600.00	/	53,215.67	4,091.40	-	4,900.00	34,872.46	15,863.15	27,334.61	/

Description of securities investment

Shanjin Jinquan (Shanghai) Private Equity Fund Management Co., Ltd. (山金金泉(上海)私募基金管理有限公司) (“**Jinquan Private Equity Fund**”), a wholly-owned subsidiary of SDG Capital Management, is a private equity fund manager registered with the Asset Management Association of China. Shanjin Futures Co., Ltd. (山金期貨有限公司) (“**Shanjin Futures**”) is a securities and futures operating institution established with the approval of the futures regulatory authority of the State Council, an asset management plan manager registered with the China Futures Association, and has the qualification of investment consultant. Jinquan Private Equity Fund and Shanjin Futures can invest and manage assets by setting up private equity funds and asset management plans.

The securities investment projects under the fund category are Jinyuan No. 1 Private Securities Investment Fund of Jinquan Shanjin (金泉山金金源一號私募證券投資基金) and Jinyuan No. 2 Private Securities Investment Fund of Jinquan Shanjin (金泉山金金源二號私募證券投資基金) independently managed by Jinquan Private Equity Fund. The securities investment project in other categories is the Antai No. 5 Single Asset Management Plan of Caitong Fund (財通基金安泰5號單一資產管理計劃), which is 100% held by Jinquan Private Equity Fund, and has the right to make investment decisions and is consolidated.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in private equity fund

As of the end of the Reporting Period, the balance of investment in self-managed consolidated private equity funds of which SDG Capital Management's wholly-owned subsidiary Jinquan Private Equity Fund, Shanjin Futures and Jinquan Investment Management Company (金泉投资管理公司), acted as managers with an investment proportion exceeding 30% or non-managers with an investment proportion reaching 100%, amounted to RMB1.537 billion.

Investment in derivatives

During the Reporting Period, the Company had derivative investments for hedging purposes:

During the Reporting Period, in order to avoid the impact of price and exchange rate fluctuations on production and operation and ensure the continuity and stability of the Company's operating results, the Company and its subsidiaries (excluding Shanjin International) carried out derivative investment business for the purpose of hedging within the limits considered by the Board and the general meeting: the margin and credit of financial institutions occupied by the Company and its subsidiaries (excluding Shanjin International) for self-produced gold futures and derivatives trading business in 2024 did not exceed the authorization limit of RMB0.3 billion or its equivalent value in other currencies as considered and approved, and the maximum contract value did not exceed the authorization limit of RMB2.1 billion or its equivalent value in other currencies as considered and approved; the margin and credit of financial institutions occupied by other futures and derivatives trading businesses did not exceed the authorization limit of RMB0.6 billion or its equivalent value in other currencies as considered and approved, and the maximum contract value did not exceed the authorization limit of RMB3.6 billion or its equivalent value in other currencies as considered and approved; the maximum contract value of the gold leasing and hedging business did not exceed the authorization limit of RMB17.42 billion or its equivalent value in other currencies as considered and approved (for details, please refer to the Announcement on Commencement of Futures and Derivatives Transactions in 2024 of Shandong Gold Mining Co., Ltd. and Announcement on Commencement of Gold Leasing and Hedging Combination Business in 2024 of Shandong Gold Mining Co., Ltd. disclosed by the Company on 29 March 2024).

During the Reporting Period, subject to the limits considered by the Board and the general meeting, Shanjin International, a holding subsidiary of the Company, carried out derivatives trading business to avoid the impact and risks arising from price and exchange rate fluctuations on the Company's production and operation and ensure the continuity and stability of the Company's operating performance, so as to further enhance the Company's production and operation level and risk resistance capability. The maximum contract value held on any trading day of the derivatives trading business did not exceed RMB7 billion or its equivalent value in other currencies as considered and approved, and the amount of trading margin used did not exceed RMB1 billion or its equivalent value in other currencies as considered and approved at any point in time (for details, please refer to the Announcement on Derivative Trading Business Conducted by a Subsidiary of Yintai Gold, a Controlling Subsidiary of Shandong Gold Mining Co., Ltd. disclosed by the Company on 23 March 2024).

MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on actual profit and loss during the Reporting Period	During the Reporting Period, there was no loss after adding up the derivative contract transactions and spot value movements of the hedging business in which the Company and its subsidiaries were involved, which realized the purpose of hedging.
Description of hedging effect	In order to avoid the impact of price and exchange rate fluctuations on production and operation and ensure the continuity and stability of the operating results, the Company and its subsidiaries carried out hedging business related to the main business. The financial derivative contracts, for which the Company is engaged in hedging business, is linked to products and foreign exchange related to the Company's production and operation, which reduced the risk of price fluctuations, achieved the expected risk management objectives, and further enhanced the Company's production and operation level and risk resistance capability.
Source of funds for investment in derivatives	Self-owned funds
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>(l) Risk analysis: In the process of conducting futures and derivatives transactions, the Company and its subsidiaries always aim to reduce the risk of fluctuations in prices and exchange rates, and places risk control in the first place in accordance with the principles of legality, prudence, safety and effectiveness. The Company and its subsidiaries do not engage in speculative transactions under the guise of hedging; all transactions conducted are backed by physical business activities, there may still be some risks in the course of business: 1. Market risks: Due to changes of fundamentals, there may be wide fluctuations in the prices of futures and derivatives and even deviations between futures prices and spot prices. As a result, hedge may be less effective or ineffective, and the risk of losses may arise. 2. Operational risks: Hedging business takes professional skills, and the trading is complex. An incomplete internal control mechanism or mistakes may cause risks. 3. Liquidity risks: Due to insufficient market volume or lack of willing counterparties, the trading cannot be completed at the desired point in time, or even cannot be executed at all, resulting in the risk of certain losses. Futures trading operates on a margin and daily mark-to-market system. If the invested amount is excessively large, it may lead to liquidity risk. Moreover, insufficient trading margin could result in the forced liquidation of held positions, causing actual losses. 4. Technical risks: Due to software or hardware failures or other failures, the trading system may malfunction, resulting in delays, interruptions or data errors of trading instructions. Changes of trading rules that are not conducive to the Company due to force majeure may cause relevant risks. 5. Other risks: Relevant businesses may be affected by factors such as global politics, wars, the economy and changes of laws, and or incurred losses to the Company due to the failure to execute contracts caused by the counterparty defaults, etc..</p>

MANAGEMENT DISCUSSION AND ANALYSIS

- (II) Risk control measures: 1. The Company strictly complies with national laws and regulations, regulatory requirements, industry standards, as well as the requirements of the Company's articles of association and relevant rules and regulations, to ensure the legality, compliance and effectiveness of its operations. 2. The Company rigorously manages authorization, and the scale, types, and duration of financial derivative transactions shall be subject to the consideration and approval of the Board of Directors and general meeting. It reasonably arranges and utilizes the approved quotas and conducts real-time monitoring and statistics. Trading beyond limits is not allowed unless it gets approval. 3. The Company strengthens the establishment of internal control system, and has formulated corresponding business management systems, which clarify the responsibilities of relevant departments, business consideration and approval procedures, operation and implementation, risk management requirements, and supervision and inspection etc.. 4. The Company strictly implements the principle of incompatibility of the front, middle and back office responsibilities and personnel, and is equipped with professional clearing risk control personnel to balance, allocate and transfer available funds in accounts in a timely manner according to the degree of risk of the accounts to prevent margin risk of the accounts; a corresponding reporting system has been established to regularly report to the Company's management. The Company has launched a transaction information management and control platform. The Company keeps on tracking the price fluctuations of financial derivatives and the status of hedging operations, timely assess the changes of the risk exposure of financial derivatives trading and conducts daily monitoring of the business. Once any abnormal situation is identified, it will be reported promptly to alert risks, and the corresponding risk early warning mechanism will be activated based on specific situations. 5. The Company trades futures and derivatives on the Shanghai Gold Exchange, the Shanghai Futures Exchange, the Chicago Mercantile Exchange and other legitimate exchanges. The counterparties who selected for over-the-counter derivatives trading are large legitimate and qualified commercial banks, investment banks and other financial institutions, avoiding credit risks related to trading.

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value

The Company prudently engaged in futures and derivatives trading for hedging purposes. During the Reporting Period, the gains and losses on derivatives were determined based on the closing market price of the exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FUTURE PLANS RELATING TO MAJOR INVESTMENT OR CAPITAL ASSET

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. The Group expects to utilize cash generated from operating activities, bank financing, and funds from other financing channels to fund our capital expenditures, working capital, and other financing requirements.

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 2024, 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 RMB133.76 million.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

2024 is the first year to fully implement the spirit of the Third Plenary Session of the 20th Central Committee of the CPC, and is also a key year for the Company to deepen the execution of its “14th Five-Year” Plan. The Company has thoroughly studied and implemented the spirit of the Third Plenary Session of the 20th Central Committee of the CPC and the important speech made by the General Secretary Xi Jinping during his inspection of Shandong. Focusing on its primary mission of high-quality development, the Company has set the annual goal of “digital intelligence empowerment, simultaneous improvement of quality and efficiency”. With a pragmatic and responsible approach, the Company has overcome challenges and achieved breakthroughs, successfully completing all annual targets and tasks. This has continuously consolidated its upward, positive, and superior development trajectory.

During the Reporting Period, the Company’s production and operational overview is as follows:

(I) Strengthening production and operations, sustaining positive development momentum. Focusing on reinforcing foundations, enhancing quality and efficiency, optimizing systems, and ensuring stable growth, the Company has scientifically planned its production organization. By tailoring specific strategies for each enterprise and breaking down task targets accordingly, the Company has further refined its performance evaluation system and strengthened control over production and operations. Efforts to optimize the production system have been carried out, fully unleashing growth potential and enhancing economic performance. In 2024, the Company had the gold mine production volume of 46.17 tonnes, representing a year-on-year increase of 4.39 tonnes or 10.51%. The Company’s total assets reached RMB161,010.47 million, representing an increase of RMB25,991.63 million or 19.25% over the beginning of the period; the Company’s total liabilities were RMB102,453.68 million, representing an increase of RMB20,732.55 million or 25.37% over the beginning of the period; total equities amounted to RMB58,556.80 million, representing an increase of RMB5,259.09 million or 9.87% over the beginning of the period. The debt-to-asset ratio was 63.63%, representing an increase of 5.12% over the beginning of the period. In 2024, the Company achieved revenue of RMB82,517.99 million, representing a year-on-year increase of RMB23,242.71 million or 39.21%; profit before tax was RMB5,613.14 million, representing a year-on-year increase of RMB2,124.93 million or 60.92%. Profit for the year amounted to RMB4,387.60 million, representing a year-on-year increase of RMB1,564.36 million or 55.41%; basic earnings per Share was RMB0.56, representing an increase of RMB0.16 over RMB0.40 for the corresponding period of prior year. The gold production of six mines, including Sanshandao Gold Mine, Veladero Gold Mine, and Jinzhou Company, increased by more than 10% year-on-year. Baotou Changtai Mining achieved the milestones of completing the acquisition, resuming production, and turning a profit within the same year.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Strengthening resource reserves, solidifying the foundation for development. Throughout the year, the Company invested a total of RMB590 million in exploration, completing 570,000 meters of exploration projects, and increasing 58.8 tonnes of gold metal in exploration. Among these, Cardina in Ghana, Jiaojia Gold Mine, Sanshandao Gold Mine, and Jinzhou Company achieved an increase of 11.2 tonnes, 7.75 tonnes, 7.7 tonnes, and 7.47 tonnes of gold metal, respectively. The Company successfully acquired the exploration rights for the peripheral areas of Daqiao Gold Mine and completed the acquisition of 70% of the equity interests of Baotou Changtai Mining. The exploration rights for the Xiling Gold Mine were successfully injected into the Company and integrated with the mining rights of Sanshandao Gold Mine, obtaining an integration mining license of 4,950,000 tonnes per year. Shanjin International completed the acquisition of 100% equity interests in Osino Resources Corp. (“Osino”), securing the Twin Hills gold project in Namibia. Through the aforesaid acquisitions, the Company added a total of 765 tonnes of gold resources. As of the end of 2024, the Company’s retained resource reserves amounted to 2,058.46 tonnes of gold metal (calculated based on the proportion of interest held by the Company).

(III) Advancing project construction, continuously strengthening growth momentum. The Company accelerated the advancement of key construction projects, including the resource integration and development projects at Xincheng Gold Mine and Jiaojia Gold Mine. Sanshandao Gold Mine obtained a post-integration mining license of 4,950,000 tonnes per year and is currently undergoing procedures for project approval and safety review. The auxiliary shaft excavation at Sanshandao Gold Mine, which has already received approval for construction, has surpassed -1,750 meters, setting a new record for the deepest vertical shaft in Asia and accumulating valuable experience for deep shaft construction under complex mining conditions. The construction of the Cardinal Namdini Gold Mine project is progressing as planned. The trial run with ore feed for the processing plant was successfully initiated in early November 2024 and the project is currently in the trial production phase. In 2024, the Company invested a total of RMB3,917 million in image-related expenses and construction volumes of 931,900 cubic meters, while securing 84 various permits and relevant approvals, providing a solid foundation for stable and increased production.

(IV) Driving reform and innovation, continuously unleashing development momentum. The Company vigorously advanced technological innovation, investing a total of RMB0.863 billion in research and development of scientific and technology in 2024, representing a year-on-year increase of 8.42%. During the year, the Company applied for 76 invention patents, obtained 3 provincial-level titles for science and technology enterprises, and secured 1 national-level scientific research project and 1 provincial-level scientific research project. As a primary contributor, the Company participated in the application for the “Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines”, which was awarded the second prize of the National Science and Technology Progress Award, making it the only project in the gold mining industry to receive this honor in this year. The Company steadily promoted the intelligent construction of mines, deeply transforming and upgrading production, management, and operations across mining enterprises. By the end of 2024, it successfully promoted 10 smart scenarios and completed the construction of 123 smart mine projects. In the 2024 industry scientific and technological achievement awards announced by the China Gold Association, the Company was honoured with 37 awards, ranking first in the industry for consecutive years. Notably, the Company secured two out of the six highly coveted Special Prizes, demonstrating Shandong Gold’s leading position in scientific and technology and comprehensive strength in the gold industry.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Promoting lean management, continuously enhancing development quality. The Company has systematically implemented cost reduction and efficiency enhancement initiatives deeply across “all employees, all positions, all elements, and all processes”. It continued to carry out centralized procurement and successfully launched a supply chain management system, effectively reducing procurement costs. The establishment of Shandong Shanjin Materials Co., Ltd. laid the foundation for a unified negotiation and signing model for centralized warehousing and company-wide procurement. The Company strengthened monitoring of key indicators such as debt scale, debt repayment capability, capital turnover, and debt-to-asset ratio, while reasonably deploying financing methods to lower overall financing costs. The Company also advanced the construction of an equipment full lifecycle management system, with the second phase of the system fully launched. Through the promotion and application of the platform, equipment failure rate decreased by 17%, equipment integrity rate increased by 5%, effective utilization rate of equipment reached over 95%, and the accuracy of procurement plans increased by 20%, resulting in cost savings of approximately RMB130 million per year. Leveraging the effectiveness of audit supervision and management, the Company completed multiple audit projects throughout the year and facilitated 274 regulatory systems.

(VI) Strengthening risk prevention and control, continuously solidifying development safeguards. The Company strengthened safety production, investing RMB1,256 million in safety-specific expenses throughout the year, representing a year-on-year increase of 40.97%. It intensified the implementation of a three-year action plan aimed at addressing the root causes of safety issues, drawing lessons from past safety incidents. The Company formulated “Eight Strict Measures”, optimized the full support process for excavation and roof-to-face operations, accelerated mechanization and automation upgrades, and continuously enhanced intrinsic safety levels. In terms of ecological and environmental protection, the Company invested a total of RMB147 million in environmental protection expenses, advancing mine ecological restoration and green mine construction. The Company finalized its carbon peak action plan, accelerated the application of clean energy, upgraded outdated equipment, and energy-saving low-carbon technological upgrades, thereby advancing carbon peak initiatives in a steady and orderly manner. The Company also strengthened compliance management by establishing a comprehensive compliance management system, integrating compliance reviews into management processes, and ensuring that all critical decisions underwent thorough compliance audits.

(VII) Strengthening comprehensive strict governance of the party, continuously consolidating development synergy. The Company diligently carried out party discipline education and promoted the spirit of the Third Plenary Session of the 20th Central Committee of the CPC. The Company organized activities such as reading classes and warning education meetings at various classes, categories and levels, significantly enhancing the awareness of discipline, rule-following, and integrity among party members and cadres. The Company enriched the connotation of its party-building brand by creating 151 practical platforms for party members and conducting 121 joint party-building activities, fully demonstrating the vanguard and exemplary role of party members. It improved the “big supervision” system, consolidating a clean and upright political ecology. The Company also strengthened talent recruitment and training, advancing various personnel quality improvement programs to continuously enhance team qualities. With care and dedication, the Company provided assistance to employees in need, conducted visits and consolations, and organized employee recuperation and rest programs, further boosting the cohesion and unity of all employees.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR OPERATIONS DURING THE REPORTING PERIOD

In 2024, the Company produced 46.17 tonnes of mine-produced gold, representing a year-on-year increase of 4.39 tonnes or 10.51%. The main reasons are the breakthroughs in production continuity projects at Sanshandao Gold Mine and Jinzhou Company, which enhanced their production capabilities; improved the grade of raw ore at Xihe Zhongbao and Xincheng Gold Mine, resulting in an increase in gold production; the resumption on work and production of the Linglong mining area in Linglong Gold Mine, which increased ore processing volumes and selected grades, further unlocking production potential; the increase on the total amount of mining and stripping at the Veladero Gold Mine, with feed-in grades increasing by 27.71%, achieving a significant increase in gold production; and the full-year consolidation of Shanjin International into the Company's financial statements, which contributed to the overall increase in gold production.

In January 2024, the Yantai City Work Safety Headquarters Office approved the resumption of infrastructure construction and production at the Linglong mining area. In October 2024, the mining area had obtained its work safety permit, and in November, it had obtained the blasting operation unit license, marking the full resumption of operations at Linglong Gold Mine.

As the core mining area of the Company's Laizhou gold production base, Jiaojia Gold Mine obtained a post-integration mining license of 6,600,000 tonnes per year. To accelerate the construction of a world-class gold production base, Jiaojia Gold Mine initiated the expansion of its reproduction projects and the construction of safety facilities since 2024. During this period, the production capability will be appropriately adjusted, resulting in a decrease in output in 2024 as compared to previous years.

MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL PRODUCTION DATA AND ANALYSIS

The following table sets forth the gold production volume of our mines for the year ended 31 December 2024:

Name of organization	Interest held	Mine-produced gold (kg)	Mine-produced gold on equity basis ^{note 1} (kg)
Sanshandao Gold Mine	100.00%	6,917	6,917
Jiaojia Gold Mine	100.00%	6,001	6,001
Linglong Gold Mine	100.00%	2,071	2,071
Xincheng Gold Mine	100.00%	5,651	5,651
Penglai Mining	100.00%	346	346
Yinan Gold Mine	100.00%	410	410
Xinhui Company	100.00%	917	917
Laixi Company	100.00%	420	420
Jinzhou Company	100.00%	1,400	1,400
Guilaizhuang Mining	70.65%	645	456
Chai Mine Company	73.52%	1,545	1,136
Fujian Yuanxin	90.31%	224	202
Xihe Zhongbao	70.00%	1,211	848
Jinchuan Mining	100.00%	2,304	2,304
Baotou Changtai Mining	70.00%	219	153
Veladero Gold Mine ^{note 2}	50.00%	7,853	7,853
Qinghai Dachaidan	26.00%	3,505	911
Jilin Banmiaozi	27.45%	2,324	637
Heihe Luoke	28.89%	2,209	638
Total		46,172	39,271

Notes:

1. The mine-produced gold on equity basis is calculated by multiplying the proportion of its interests held in the relevant organization to the mine-produced gold of that organization by the Company.
2. As of the end of the Reporting Period, the Company held 50% equity interest in the Veladero Gold Mine. The mine-produced gold of the Veladero Gold Mine refers to 50% of the mine-produced gold of the Veladero Gold Mine.

MANAGEMENT DISCUSSION AND ANALYSIS

INFORMATION ON MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2024, the Group's sales to the top five customers amounted to RMB62,654,987,000, representing 75.93% of the total sales for the year. Additionally, the Group's sales to the single largest customer, Shanghai Gold Exchange, accounted for 65.56% of the total sales for the year.

For the year ended 31 December 2024, the Group's procurement from its top five suppliers amounted to RMB35,607,657,700, representing for 45.36% of the total procurement for the year. Additionally, the Group's procurement from the single largest supplier accounted for 15.76% of the total procurement for the year.

For the year ended 31 December 2024, to the knowledge of the Company, none of the Directors, their close associates, or Shareholders (who to the knowledge of the Company hold more than 5% of the issued Shares of the Company) had any interests in the Company's top five suppliers or customers.

GEARING RATIO

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at 31 December 2024, the Group's consolidated total debt (including lease liabilities, borrowings, financial liabilities at fair value through profit or loss and bonds payable) was approximately RMB64,444.29 million (31 December 2023: RMB52,101.59 million), and the Group's consolidated total equity was approximately RMB58,556.80 million (31 December 2023: RMB53,297.71 million). As at 31 December 2024, the Group's gearing ratio was 110.05% (31 December 2023: 97.76%).

MANAGEMENT DISCUSSION AND ANALYSIS

RESTRICTIONS ON MAIN ASSETS AS OF THE END OF THE REPORTING PERIOD

Unit: RMB

Item	Carrying amount at the end of the year	Reasons for restrictions
Monetary funds	392,568,575.63	Security deposits for land reclamation and environmental governance
Monetary funds	730,771,905.10	Security deposits for notes
Monetary funds	4,810,500.00	Performance deposits
Monetary funds	10,782,600.00	Security deposits for futures
Monetary funds	6,710,806.80	Others
Inventory	146,898,199.82	Pledge for financing
Other non-current assets	1,329,800.00	Advanced security deposit for exploration rights, the balance of which will be frozen and supervised according to a three-party supervision agreement signed by Jilin Jincheng Shengxin Mining Co., Ltd. (吉林金誠盛鑫礦業有限公司), Team 602 of Jilin Provincial Non-ferrous Metal Geological Exploration Bureau and its account bank
Total	1,293,872,387.35	

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON BUSINESS OPERATING INFORMATION OF THE INDUSTRY

1. Major industry policy changes during the Reporting Period

- (1) In order to deeply and thoroughly implement the spirit of the General Secretary Xi Jinping's important instructions on work safety and resolutely curb the frequent occurrence of major and catastrophic production safety accidents in the mining sector, the State Council Work Safety Commission issued a notice on the Hard Measures on the Prevention and Elimination of Major and Serious Production Safety Accidents in the Mining Sector (An Wei [2024] No. 1) (《關於防範遏制礦山領域重特大生產安全事故的硬措施》) on 16 January 2024.
- (2) In order to scientifically guide various development, conservation, and construction activities, promote high-quality development, build a modernization where humans and nature coexist in harmony, and strengthen ecological and environmental zoning controls, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Guidelines on Strengthening Ecological and Environmental Zoning Controls (《關於加強生態環境分區管控的意見》) on 6 March 2024.
- (3) In order to accelerate the green and low-carbon transformation of the mining industry and comprehensively advance the construction of green mines, the Ministry of Natural Resources, the Ministry of Ecology and Environment, the Ministry of Finance, the State Administration for Market Regulation, the National Financial Regulatory Administration, the China Securities Regulatory Commission, and the National Forestry and Grassland Administration jointly issued the Notice on Further Strengthening the Construction of Green Mines (Zi Ran Zi Gui [2024] No. 1) (《關於進一步加強綠色礦山建設的通知》) on 15 April 2024.
- (4) On 24 April 2024, the National Mine Safety Administration and six other departments jointly issued a notice on the Guiding Opinions on Further Promoting Intelligent Mine Construction to Enhance Mine Safety Development (Kuang An [2024] No. 42) (《關於深入推進礦山智能化建設促進礦山安全發展的指導意見》). The notice aims to deeply advance the intelligent construction of mines and promote the safe development of the mining industry.
- (5) In order to regulate the oversight of exploration and mining activities by mining rights holders during and after operations, promote integrity and self-discipline among mining rights holders, and foster a fair competitive market environment, the Ministry of Natural Resources issued the Measures for the Management of Exploration and Mining Information of Mining Rights Holders (Ministry of Natural Resources Order No. 13) (《礦業權人勘查開採信息管理辦法》) in accordance with laws and regulations such as the Mineral Resources Law of the People's Republic of China and the Business Environment Optimisation Ordinance, which came into effect on 1 July 2024.
- (6) On 3 July 2024, in order to implement the decisions and arrangements of the Party Central Committee and the State Council, correctly balance the relationship between ecological civilization construction and national energy and resource security, and deepen the implementation of the new round of the mineral exploration breakthrough strategy, the Ministry of Natural Resources and the National Forestry and Grassland Administration jointly issued the Notice on Fully Implementing Green Exploration in the New Round of the Mineral Exploration Breakthrough Strategy (Zi Ran Zi Fa [2024] No. 122) (《關於在新一輪找礦突破戰略行動中全面實施綠色勘查的通知》). The notice aims to promote high-level ecological environmental protection and high-quality development in the mining sector through the comprehensive implementation of green exploration practices.
- (7) On 3 September 2024, the Ministry of Natural Resources, the Ministry of Finance, and the State Administration of Taxation, in accordance with the relevant provisions of the Measures for the Collection of Mining Rights Transfer Revenue (Cai Zong [2023] No. 10) (《礦業權出讓收益徵收辦法》), issued the Notice on Issues Related to the Calculation of Mineral Product Sales Revenue in the Collection of Mining Rights Transfer Revenue (Zi Ran Zi Fa [2024] No. 173) (《關於礦業權出讓收益徵收中礦產品銷售收入計算有關問題的通知》). The notice addresses the calculation of mineral product sales revenue when collecting mining rights transfer revenue based on the mining rights transfer yield rate.

MANAGEMENT DISCUSSION AND ANALYSIS

- (8) On 8 November 2024, the Mineral Resources Law of the People's Republic of China (Revised Draft) (《中華人民共和國礦產資源法(修訂草案)》) (hereinafter referred to as the “**New Mineral Resources Law**”) was considered and passed at the 12th session of the Standing Committee of the 14th National People's Congress, and will come into effect from 1 July 2025. As for safeguarding national mineral resource security, mineral resources are the sustenance and lifeblood of industry and the important material foundation for socio-economic development. The New Mineral Resources Law prioritizes the safeguarding of national mineral resource security, establishing a comprehensive and systematic security system for mineral resource security in accordance with laws. This revision holds significant importances for safeguarding national mineral resource security and promoting high-quality development in the mining industry.

2. Changes in significant tax policy during the Reporting Period

There are no major changes in tax policy in 2024.

3. Resource tax and environmental protection tax

In 2024, the resource tax payable of domestic subsidiaries of the Company was RMB1,040.1391 million, with RMB1,014.6656 million actually paid. The environmental protection tax payable was RMB0.8387 million, with RMB0.8264 million actually paid.

4. Resource tax rate and tax incentives

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. In accordance with the provisions of Article 6, Paragraph 2, Item (4) of the Resource Tax Law of the People's Republic of China (Order of the President of the People's Republic of China (No. 33)), which stipulates a reduced resource tax for mineral products mined from depleted mines, Shandong Gold Guilaizhuang Mining Co., Ltd. (山東黃金歸來莊礦業有限公司), a subsidiary of the Company, is eligible for the aforementioned preferential policy.

In accordance with the provisions of Article 7, Item (2) of the Resource Tax Law of the People's Republic of China (Order of the President of the People's Republic of China (No. 33)), which stipulates that resource tax shall be exempted from the exploitation of tailings, Shandong Gold Mining (Xinhui) Co., Ltd., 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 Banmiaozhi 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 Luoke Kuangye Kaifa 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations of respective region during the Reporting Period

Unit: RMB'000

	Revenue amount		% to total revenue	
	2024	2023	2024	2023
Revenue from contracts with customers within the scope of IFRS 15				
China, excluding Hong Kong Special Administrative Region ("HKSAR")	73,342,212	56,585,687	88.88%	95.46%
HKSAR and other overseas countries	9,165,517	2,676,509	11.11%	4.52%
	82,507,729	59,262,196		
Revenue from other sources				
China, excluding HKSAR	10,265	13,079	0.01%	0.02%
	82,517,994	59,275,275		

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024 are summarized as follows:

Table of Gold Resource Reserve

Name of mine	Major type	Measured		Indicated (Mt)	Measured and Indicated (Mt)		Resources				Reserves				Validity period of permits/mining rights	
		Measured	Indicated		Inferred	Total	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis)	Proven	Probable (Mt)	Total	Grade (g/t)	Gold content (100% basis) (t)		Gold content (equity basis)
Sanshandao Gold Mine	Gold	-	97.69	97.69	83.82	181.51	3.81	682.17	682.17	-	90.81	90.81	343.42	343.42	6.19	Mining right (2039.05.27) Mining right (2027.8.3)
Jiajia Gold Mine	Gold	-	44.61	44.61	50.27	94.87	3.34	317.10	317.10	-	19.24	19.24	73.01	73.01	4.00	Mining right (2032.4.21) Exploration right (2026.6.30)
Xincheng Gold Mine	Gold	-	18.05	18.05	40.39	58.44	3.37	197.14	197.14	-	17.09	17.09	56.47	56.47	18.61	Mining right (2032.4.21)
Lingling Gold Mine	Gold	-	6.99	6.99	47.77	54.77	2.86	156.60	156.60	-	6.45	6.45	14.32	14.32	6.35	Mining right (2028.6.30) Mining right (2030.1.20)
Guiluzhuang Gold Mine	Gold	-	0.61	0.61	1.74	2.35	3.46	8.12	5.74	-	0.36	0.36	1.34	0.95	1.69	Mining right (2034.9.30) Exploration right (2025.4.9) Exploration right (2016.5.6) in the process of renewal
Jinzhou Gold Mine	Gold	-	1.90	1.90	2.50	4.40	3.84	16.91	16.91	-	1.86	1.86	5.36	5.36	21.62	Mining right (2026.11.20) Exploration right (2027.3.31) Mining right (2033.3.16) Mining right (2026.1.12) Mining right (2031.8.3)
Xinhui Company	Gold	-	5.93	5.93	3.49	9.42	3.63	34.18	34.18	0	5.91	5.91	20.27	20.27	17.90	Exploration right (2026.6.25) Exploration right (2028.6.25) Mining right (2034.9.30)
Laxi Company	Gold	-	1.22	1.22	1.51	2.72	1.88	5.40	5.40	0	1.22	1.22	2.09	2.09	3.71	Mining right (2031.11.29)
Pengjia Gold Mine	Gold	-	1.04	1.04	0.85	1.89	7.34	13.91	13.91	-	1.07	1.07	5.69	5.69	5.93	Mining right (2029.07.09)
Yiran Gold Mine	Gold	-	1.80	1.80	4.09	5.89	1.54	9.09	9.09	-	1.70	1.70	2.31	2.31	8.76	Mining right (2031.07.15) Mining right (2034.7.09)
Chifengchai Mine	Gold	-	1.26	1.26	0.75	2.01	3.00	6.03	4.43	-	1.33	1.33	3.67	2.70	4.04	Mining right (2025.12.8) Exploration right (2026.2.14) Exploration right (2027.12.9)
Fujian Yuanxin Gold Mine	Gold	-	0.24	0.24	0.19	0.43	5.79	2.48	2.24	-	0.20	0.20	0.88	0.79	0.78	Exploration right (2028.2.14) Exploration right (2028.2.14) Exploration right (2028.9.14) Exploration right (2029.4.2) Mining right (2029.6.21) Exploration right (2026.4.16)

MANAGEMENT DISCUSSION AND ANALYSIS

Name of mine	Major type	Resources					Reserves					Gold content (equity basis) (t)	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)	Proven	Probable (Mt)	Total				Grade (g/t)	Gold content (100% basis) (t)
Xihe Zhongbao Gold Mine	Gold	-	6.13	6.13	7.14	13.27	2.26	30.01	21.01	-	5.36	2.23	11.96	8.37	29.38	Mining right (2034.4.28)
Xinjiang Jinchuan	Gold	5.64	27.70	27.70	4.87	32.57	1.08	35.25	35.25	2.15	15.74	0.84	15.08	15.08	3.58	Mining right (2039.8.30) Mining right (2029.5.31)
Gansu Jinchun	Gold	-	8.46	8.46	8.87	17.33	3.17	54.85	42.05	0.00	5.64	1.82	10.29	6.17	-	Exploration right (2029.4.22) Mining right (2027.1.12)
Baotou Chengtai Mining	Gold	-	2.47	2.47	2.53	5.00	4.46	22.31	15.62	-	1.12	3.30	3.68	2.58	18.61	Exploration right (2025.9.3) Mining right (2031.12.21)
Velacero Gold Mine	Gold	51.20	169.40	220.60	32.50	253.10	0.64	161.70	80.85	48.2	98.60	0.68	99.53	49.77	-	Exploration right (2027.1.27) 8 mining rights are leased until 2028 and self-owned 5 mining rights are indefinite
Cardinal	Gold	6.20	195.90	202.10	14.20	216.30	1.03	223.30	189.81	8.24	149.75	1.06	166.71	141.71	-	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) Mining right (2035.11.16)
Laizhou Huijin Stearing Gold Mine	Gold	-	-	-	-	-	2.77	372.06	145.10	-	-	-	-	-	-	-
Sub-total		63.04	591.40	648.80	307.46	956.26	2.47	2,338.60	1,994.59	58.59	423.44	1.73	836.07	751.04	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

Name of mine	Major type	Measured and Indicated (Mt)			Resources			Reserves			Remaining resources mining year (year)	Validity period of permits/mining rights					
		Measured	Indicated	Inferred	Total	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis)	Proven	Probable (Mt)			Total	Grade (g/t)	Gold content (100% basis) (t)	Gold content (equity basis)	
Jim Barmaazi	Gold	3.57	1.20	4.77	2.74	7.51	3.26	24.48	6.72	2.86	0.26	3.12	3.93	12.27	3.37	-	Mining right (2025.12.13) Exploration right (2028.4.28) Exploration right (2026.7.24) Exploration right (2029.11.17)
Huasheng Gold Mine	Gold	2.93	7.40	10.33	7.37	17.71	1.65	29.23	5.07	2.62	6.28	8.90	2.18	19.40	3.36	-	Mining right (2025.7.11)
Heihe-Luoke	Gold	0.92	0.87	1.80	0.88	2.68	4.60	12.34	3.56	0.55	0.31	0.86	5.66	4.75	1.37	-	Mining right (2033.5.18) Exploration right (2026.8.2)
Qinghai Dachaidan	Gold	0.90	8.20	9.10	8.47	17.58	4.68	82.24	21.38	0.90	6.60	7.50	4.50	33.79	8.79	-	Mining right (2026.1.18) Mining right (2028.9.9) Exploration right (2025.10.15) Exploration right (2027.3.16) Exploration right (2026.6.19) Exploration right (2028.8.18)
Shanjin International																	in the process of converting exploration rights to mining rights
Yulong Mining	Gold	-	-	-	1.81	1.81	0.97	1.75	0.39	-	-	-	-	-	-	-	Exploration right (2025.10.15) Exploration right (2025.8.2) Mining right (2037.11.11) Mining right (2038.5.16) Mining right (2032.9.14) Exploration right (2029.11.8) Exploration right (2029.11.8) Exploration right (2029.1.20) Exploration right (2029.1.20) Exploration right (2027.5.17) Exploration right (2027.5.17) Mining right (2042.11.2)
Osho	Gold	0.70	83.60	84.30	33.00	117.30	1.08	127.20	36.75	0.90	63.60	64.50	1.04	66.86	19.32	-	
Sub-total		9.03	101.27	110.31	54.27	164.58	1.68	277.23	73.87	7.83	77.05	84.88	1.61	137.07	36.21	-	
Total		72.08	692.67	759.10	361.76	1,120.86	2.35	2,635.84	2,059.46	66.43	500.50	566.82	1.72	973.15	787.25	-	

MANAGEMENT DISCUSSION AND ANALYSIS

Table of Resource and Reserve of Non-ferrous Metals

Name of mine	Resources				Reserves										
	Measured (Mt)	Indicated (Mt)	Measure and Indicated (Mt)	Inferred (Mt)	Total (Mt)	Lead content (100% basis)	Zinc content (100% basis)	Silver content (100% basis)	Copper content (100% basis)	Proven (Mt)	Probable (Mt)	Total (Mt)	Lead content (100% basis)	Zinc content (100% basis)	Silver content (100% basis)
Heihe Luoke	0.92	0.87	1.80	0.88	2.68	-	-	146.21	-	0.55	0.31	0.86	-	-	67.09
Yulong Mining	8.42	27.55	35.97	33.22	69.19	607,656.55	1,271,315.76	7,787.52	127,593.40	0.63	4.20	4.84	72,226.65	128,501.12	707.15
Total	9.35	28.42	37.77	34.10	71.87	607,656.55	1,271,315.76	7,933.72	127,593.40	1.18	4.51	5.69	72,226.65	128,501.12	774.24
Total attributable metals of Shandong Gold	-	-	-	-	-	134,595.70	281,595.97	1,765.06	28,261.89	-	-	-	15,998.18	28,462.95	175.05

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 2024, the Company owned 70.65%, 73.52%, 90.31%, 70%, 60% and 50% of equity interests of Guilaizhuang Gold Mine, Chifengchai Mine, Fujian Yuanxin Gold Mine, Xihe Zhongbao Gold Mine, Baotou Changtai Mining, Gansu Jinshun, Veladero Gold Mine; the Company owns 100% equity interests in Cardinal, which in turn owns 85% equity interest of subsidiaries Cardinal Namdini Mining Limited and Cardinal Ghana Limited; the Company held 39% equity interests of Laizhou Huijin Shaling gold mine; the Company held 28.89% equity interests of Shanjin International, and Shanjin International held 95%, 60%, 100%, 90%, 76.67% and 100% of equity interests of Jilin Banmiaozhi, Huasheng Gold Mine, Heihe Luoke, Qinghai Dachaidan, Yulong Mining and Namibia Osino; the Company owned 100% equity interests of other mines.
5. Due to the temporary lack of data for the mining rights and exploration 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 of mineral rights.

MANAGEMENT DISCUSSION AND ANALYSIS

6. The data set out for the mining rights and exploration rights of Baotou Changtai Gold Mine were disclosed by the Company during the 2024 acquisition period and have been verified based on the 2024 production and exploration. The Company plans to complete the estimation of resources and reserves in compliance with international standards by 2025.
7. The resources data of Laizhou Huijin Shaling Gold Mine is sourced from the 2023 annual report of Zhongjin Gold Corp., Ltd..
8. The remaining resources mining year is calculated based on the reserves and production scale of each mine as of 31 December 2024. Given the annual conversion of resources into reserves and the increase of reserves by exploration activities, the remaining mining year listed in the above table should not be equated to the actual mine service life, which generally exceeds the remaining resources mining year presented therein.
9. 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 grade of 1.71 g/t.
 - Reserves in Xinhui Company were based on a cut-off grade of 1.38 g/t.
 - Reserves in Laixi Company were based on a cut-off grade 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.
10. Mineral reserve in Veladero Gold Mine was estimated based on cut-off grade: 0.20 g/t for Type 1 ore and 0.31 g/t for Type 2 ore; Mineral resource was estimated based on cut-off grade: 0.28 g/t for Type 1 ore and 0.41 g/t for Type 2 ore.
11. Mineral reserve in Namdini Gold Mine of Cardinal was estimated based on a cut-off grade of 0.45 g/t; mineral resource was estimated based on a cut-off grade of 0.45 g/t.
12. Cut-off grade of mines of Shanjin International assumed:
 - Resources in Jilin Banniaozi 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 \geq Ag40-80 g/t, and reserves were based on a cutoff grade of \geq Ag80 g/t.
 - Resources in Namibia Osino were based on a cut-off grade of Au0.3 g/t and Au0.5 g/t, and reserves were based on a cut-off grade of Au0.45 g/t.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM GLOBAL OFFERING

The H Shares were listed on 28 September 2018 on the Main Board of the Hong Kong Stock Exchange with net proceeds of approximately HK\$5,245.7 million (approximately RMB4,618.8 million) after deducting transaction fees and other expenses. RMB4,506.1 million of the above has been fully utilized to repay Syndicated Term Loans in accordance with the uses stated in the Prospectus, and RMB95 million has been utilized to pay listing expenses in accordance with the uses stated in the Prospectus. Reference is made to the Company's announcement dated 27 October 2023, since the Company has paid up all listing expenses, the Company decided to change the use of the unutilized proceeds of RMB17.7 million and apply them to the replenishment of working capital in full. Changes to the use of proceeds from the global offerings do not require the approval of general meeting. For details, please refer to the announcement of the Company dated 27 October 2023. At the beginning of the Reporting Period, the balance of such proceeds amounted to RMB0.5 million, which were fully utilized for the replenishment of working capital during the Reporting Period according to the revised use of proceeds. As at the end of the Reporting Period, there were no unutilized proceeds from the global offering.

RESEARCH AND DEVELOPMENT EXPENDITURE

Table of research and development expenditure

	2024	2023
Expensed research and development expenditure for the period (RMB'000)	770,411	478,195
Number of research and development staff (persons)	1,707	1,952
Number of research and development staff to total number of staff of the Company (%)	9.79	11.09

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this annual report, the Board of Directors comprises 8 Directors, including 3 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors. The following table sets out certain information relating to the Directors.

Name	Age	Position	Date of Appointment as Director	Month of Joining the Company
Li Hang (李航)	54	Chairman, Non-executive Director	12 July 2022	July 2022
Liu Qin (劉欽)	56	Vice Chairman, Executive Director	30 December 2020	January 2008
Wang Shuhai (王樹海)	62	Executive Director	30 December 2020	January 2008
Wang Xiaoling (汪曉玲)	61	Non-executive Director	16 May 2016	July 2000
Tang Qi (湯琦)	47	Executive Director	21 November 2017	July 2000
Wang Yunmin (王運敏)	69	Independent Non-executive Director	30 December 2020	December 2020
Liew Fui Kiang (劉懷鏡)	58	Independent Non-executive Director	30 December 2020	December 2020
Zhao Feng (趙峰)	56	Independent Non-executive Director	30 December 2020	December 2020

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Mr. Li Hang (李航), successively served as the deputy director of the finance department of China Qingqi Group Co., Ltd. (中國輕騎集團有限公司), the director of the finance department of Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司), the chief accountant of Shandong Hi-Speed Group Co., Ltd., the chairman of Shandong Hi-Speed Everbright Industrial Investment Fund Management Co., Ltd. (山東高速光控產業投資基金管理有限公司), a standing member of the CPC Committee and a director of Shandong Hi-Speed Group Co., Ltd., and a standing member of the CPC Committee, the deputy general manager and chief auditor of Shandong Hi-Speed Group Co., Ltd. and the secretary of the CPC Committee, the chairman and the general manager of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), and the non-executive Director and the chairman of the Company.

Mr. Liu Qin (劉欽), successively served as the mine manager of Cangshang Gold Mine of Shandong Province Laizhou Jincang Mining Co., Ltd. (山東省萊州金倉礦業有限公司), the mine manager of Sanshandao Gold Mine of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), the mine manager of Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. (山東黃金礦業(萊州)有限公司), the vice chairman and general manager of Shanjin Mining Co., Ltd. (山金礦業有限公司), the general manager and the secretary to CPC Committee of Xilingol League Shanjin Aerhada Mining Co., Ltd. (錫林郭勒盟山金阿爾哈達礦業有限公司), the general manager and the secretary to CPC Committee of Non-ferrous Group Inner Mongolia Mining Construction Base (有色集團內蒙古礦業建設基地), the vice chairman and general manager of Shandong Gold Non-ferrous Metal Mine Group Co., Ltd. (山東黃金有色礦業集團有限公司), the vice chairman and general manager of Shandong Gold International Mining Co., Ltd. (山東黃金國際礦業有限公司), the executive deputy general manager, vice chairman, general manager and vice secretary to CPC Committee of SDG Mineral Resources Group Co., Ltd. (山東黃金礦產資源集團有限公司), the manager of Mineral Resources Department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), the chairman, general manager, secretary to CPC Committee of SDG Mineral Resources Group Co., Ltd. (山東黃金礦產資源集團有限公司), the chairman, member and secretary to CPC Committee of Shandong Gold Geological Mine Exploration Co., Ltd. (山東黃金地質礦產勘查有限公司), the president and secretary to CPC Committee of Resources Exploration Business Department of the Company, and the deputy general manager, the president and the secretary to CPC Committee of Overseas Mining Business Department of the Company. He currently serves as a standing member of the CPC Committee and deputy general manager of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), the executive Director, the vice chairman and general manager of the Company, the secretary to CPC Committee and chairman of the Company's Mining Management Branch Co., and the chairman of the Shanjin International.

Mr. Wang Shuhai (王樹海), successively served as the vice mine manager of Sanshandao Gold Mine of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), the vice mine manager of Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. (山東黃金礦業萊州有限公司), the secretary to CPC Committee and mine manager of Xincheng Gold Mine of the Company, the deputy general manager of the Company, the manager of the Engineering Management Department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), the vice secretary to CPC Committee and general manager of Shandong Gold Non-ferrous Metal Mine Group Co., Ltd. (山東黃金有色礦業集團有限公司), the president and secretary to CPC Committee of China Mining Business Department of the Company, the deputy general manager of the Company, the president and the secretary to CPC Committee of Yantai Mining Business Department and general manager of the Company. He currently serves as the executive Director of the Company.

Ms. Wang Xiaoling (汪曉玲), successively served as an accountant of Zhaoyuan Branch of the Agricultural Bank of China in Shandong Province (山東省招遠市農業銀行), the deputy head of the finance division of Jiaojia Gold Mine, the deputy general manager of the finance department, a manager, the chief financial officer and a member of the CPC Committee of the Company, the general manager and the deputy chief accountant of the finance department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), and the deputy general manager and a special consultant of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司). She is the non-executive Director of the Company.

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Tang Qi (湯琦), successively served as a secretary of the Board office, the securities affairs representative of the Board, the deputy director and director of the Board office, a member of SDG Group Co.'s Reform Committee Office (山東黃金集團有限公司深化改革小組辦公室成員), and the head of the research and development department, the assistant to the general manager and the deputy general manager of SDG Venture Capital Co., Ltd. (山東黃金創業投資有限公司). He currently serves as the executive Director, the secretary to the Board and the director of the Board office, the general manager of the capital operation department and the head of the strategic planning department of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Yunmin (王運敏), an academican of the Chinese Academy of Engineering and a professorate senior engineer, once served as a scientific researcher of the open pit mining research office (露天採礦研究室) of Maanshan General Institute of Mining Research Co., Ltd under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), a deputy project leader of the open pit mining research office (露天採礦研究室) of Maanshan General Institute of Mining Research Co., Ltd under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an assistant to the director of the Research and Technology Administration Office (科研管理處) of Maanshan General Institute of Mining Research Co., Ltd under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an assistant to the dean and director of the Research and Technology Administration Office (科研管理處) of Maanshan General Institute of Mining Research Co., Ltd under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), an associate dean of Maanshan General Institute of Mining Research Co., Ltd under the Ministry of Metallurgical Industry (冶金工業部馬鞍山礦山研究院), the dean and the secretary to CPC Committee of Sinosteel Group Maanshan Institute of Mining Research Co., Ltd (中鋼集團馬鞍山礦山研究院有限公司), and an external director of Baosteel Resources International Company Limited (寶鋼資源(國際)有限公司), Baowu Resources Co., Ltd. (寶武資源有限公司) and an independent director of Explosive Co., Ltd (易普力股份有限公司). He currently serves as the director and chief scientist of the Science and Technology Innovation Committee of Sinosteel Group Corporation Limited (中國中鋼集團有限公司), the director of the State Key Laboratory of Metal Mine Safety and Health (金屬礦山安全與健康國家重點實驗室), an independent non-executive Director of the Company.

Mr. Liew Fui Kiang (劉懷鏡), is a solicitor in Hong Kong, China as well as England and Wales. He served as the chairman of PacRay International Holdings Limited, and an independent director of Baoshan Iron & Steel Company Limited and China Apex Group Limited. He currently serves as an independent non-executive Director of the Company, and an independent non-executive director of Zhongchang International Holdings Group Limited, Zhengye International Holdings Company Limited and Zhaoke Ophthalmology Limited, and an external supervisor of Ping An Insurance (Group) Company of China, Ltd.

Ms. Zhao Feng (趙峰), served as an auditor of Arthur Anderson Hua Qiang Certified Public Accountants (安達信華強會計師事務所), the chief financial officer of East Asiatic Company (PRC), the chief financial officer and the general manager of Denmark Wangtai Communications Technology (PRC) (丹麥網泰通訊科技(中國)), the chief financial officer of Apple Inc. (PRC), the chief financial officer and the general manager of Infront Sports & Media (PRC), and an independent director of Shenzhen Weiye Decoration Group Co., Ltd. She is currently an independent non-executive Director of the Company, an independent non-executive director of China Longyuan Power Group Corporation Limited, an independent director of Xiamen International Bank Co. Ltd, and an external director of China International Marine Containers (Group) Co., Ltd.

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

As at the date of this annual report, the Supervisory Committee comprises 3 Supervisors. The following table sets out certain information relating to the Supervisors.

Name	Age	Position	Date of Appointment as Supervisor	Month of Joining the Company
Li Xiaoping (李小平)	60	Chairman of the Supervisory Committee, Supervisor	16 May 2016	May 2016
Liu Yanfen (劉延芬)	45	Supervisor	8 November 2019	November 2019
Luan Bo (樂波)	52	Supervisor	24 February 2020	August 2003

Mr. Li Xiaoping (李小平), successively served as a deputy director and a researcher of the Business and Trade Office of the Planning Commission of Shandong Province (山東省計委經貿處), the deputy secretary of Linzi District, Zibo City, the deputy secretary, head of district, secretary, officer of SCNPC, and principal of Party School of Dongchangfu District, Liaocheng City. He currently serves as a standing committee member of the CPC Committee of SDG Group Co., Ltd. and the chairman of the Supervisory Committee and a member of the CPC Committee of the Company.

Ms. Liu Yanfen (劉延芬), served as an Integrated Service Department Specialist of Shandong Gold Wufeng Mountain Tourism Company (山東黃金五峰山旅遊公司), the legal director of the legal affairs department and deputy general manager (presided over work) of Shandong Province Assets Management Co., Ltd. (山東省資產管理有限公司), an operational department specialist of Shandong Gold Mineral Resources Company (山東黃金礦產資源公司), the mergers and acquisition director of the strategic planning department of Shandong Gold Group Co., Ltd (山東黃金集團有限公司) and the mergers and acquisition director of the legal affairs department of the Company. She currently serves as the deputy head of the auditing and legal affairs department and a Supervisor of the Company.

Mr. Luan Bo (樂波), served as the head of finance department of Xincheng Gold Mine of the Company, audit head of audit department of SDG Group Co., vice manager of audit department of the Company, manager of audit department of SDG Real Estate Tourism Group Co., Ltd. (山東黃金地產旅遊集團有限公司), a special auditor of auditing and risk control department of SDG Group Co., Ltd. and the Company, the deputy director of the auditing and legal affairs department and a Supervisor of the Company, the executive supervisor of Shandong Guang'an Fire Technology Service Co., Ltd. (山東省廣安消防技術服務有限公司) of SDG Group Co., Ltd., the supervisor of Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a member of the CPC Committee and the chief financial officer of Shandong Gold Mining Industrial Investment Group (山東黃金礦業產投集團). He currently serves as a Supervisor of the Company, a member of the CPC Committee and the chief financial officer of Shandong Gold Geological Mine Exploration Co., Ltd. (Geological Surveying Group) (山東黃金地質礦產勘查有限公司) (地勘集團).

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out certain information about the senior management of the Company.

Name	Age	Position	Date of Appointment as Senior Management	Month of Joining the Company
Liu Qin (劉欽)	56	General manager	12 July 2022	January 2008
Tang Qi (湯琦)	47	Secretary to the Board	21 November 2017	July 2000
Song Zengchun (宋增春)	60	Deputy general manager	16 May 2016	September 2013
Xu Jianxin (徐建新)	52	Deputy general manager	29 August 2019	April 2016
Lyu Haitao (呂海濤)	52	Deputy general manager	29 August 2019	August 2003
Teng Hongmeng (滕洪孟)	58	Acting financial controller	18 October 2022	August 2004

Mr. Liu Qin (劉欽) – for biographical details of Mr. Liu Qin, please see the section headed “Directors – Executive and Non-executive Directors”.

Mr. Tang Qi (湯琦) – for biographical details of Mr. Tang Qi, please see the section headed “Directors – Executive and Non-executive Directors”.

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Song Zengchun (宋增春), served as the mine manager and the secretary of the general Party branch of Shandong Province Laizhou Jincang Mining Co., Ltd. (山東省萊州金倉礦業有限公司), the general manager of Shandong Jincang Mining Co., Ltd. (山東金倉礦業股份有限公司), the executive deputy general manager of Shandong Zhonghai Jincang Mining Co., Ltd. (山東中海金倉礦業有限公司) and Laizhou Jincang Mining Co., Ltd. (萊州金倉礦業有限公司), the executive deputy general manager of SDG Group Jincang Mining Co., Ltd. (山東黃金集團金倉礦業有限公司) and SDG Group Laizhou Mining Co., Ltd. (山東黃金集團萊州礦業有限公司), the deputy mine manager and a member of the CPC Committee of Jiaojia Gold Mine, the general manager and the secretary of the CPC Committee of SDG Group Changyi Mining Co., Ltd. (山東黃金集團昌邑礦業有限公司), the deputy general manager and a member of the CPC Committee of Shandong Gold Non-ferrous Metal Mine Group Co., Ltd. (山東黃金有色礦業集團有限公司), the deputy general manager of the Company, the mine manager and secretary of the CPC Committee of Xincheng Gold Mine, and the manager of operation management department and the general manager of the enterprise management department of SDG Group Co., Ltd. He currently serves as the deputy general manager of the Company.

Mr. Xu Jianxin (徐建新), successively served as the office political officer, deputy director and director of general administration office of SDG Group Co., Ltd., the deputy general manager of Shandong Gold Resources Development Co., Ltd., the deputy general manager of Shandong Gold Resources Group Co., Ltd. (山東黃金資源集團有限公司), the first deputy manager (manager level) of Corporate Culture Department (stability maintenance office, publicity department of CPC Committee), the manager of Corporate Culture Department (stability maintenance office, publicity department of CPC Committee), the general manager of Corporate Culture Department (publicity department of CPC Committee, complaint letter and request handling office), the head of publicity department of CPC Committee of SDG Group Co., Ltd. He currently serves as a member of CPC Committee, the deputy general manager, the human resources director and the head of party committee organization department (human resources department) of the Company.

Mr. Lyu Haitao (呂海濤), successively served as the deputy head, secretary of Youth League Committee and head of the Publicity Department of Xincheng Gold Mine of the Company, the deputy director of general administration office of SDG Group Co., Ltd., the manager of Integrated Service Department of Shandong Gold Mining Development Co. Ltd. (山東黃金礦業開發有限公司) (Shanjin Mining Co., Ltd. (山金礦業有限公司)), the manager of Corporate Culture Department (stability maintenance office, publicity department of CPC Committee), office (office of CPC Committee) director, director of economic development research office, general manager of Security Department of SDG Group Co., Ltd. He currently serves as the deputy general manager of the Company, the secretary of CPC Committee and chairman of Shandong Gold Mining (Hong Kong) Co., Limited (山東黃金礦業(香港)有限公司, a Hong Kong company).

Mr. Teng Hongmeng (滕洪孟), successively served as the deputy head of the finance division of Jiaojia Gold Mine of the Company, the deputy plant manager of the refinery plant of Shandong Gold Mining (Laizhou) Co., Ltd. (山東黃金礦業(萊州)有限公司), the chief financial controller of Jiaojia Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., the chief financial controller of the refinery plant of Shandong Gold Mining (Laizhou) Co., Ltd., the chief financial controller of Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., the manager of finance division of Qilu mining business department. He currently serves as the deputy director and acting financial controller of the finance department of the Company, and the chief financial controller of Shandong Gold Mining Technology Co., Ltd. (山東黃金礦業科技有限公司).

BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Tang Qi (湯琦) is one of the joint company secretaries of the Company and was appointed in December 2017 with his appointment to take effect on the listing date of our H Shares. For biographical details of Mr. Tang Qi, please see the section “Directors – Executive and Non-executive Directors”.

Ms. Ng Sau Mei (伍秀薇) is one of the joint company secretaries of the Company and was appointed in December 2017 with her appointment to take effect on the listing date of our H shares. She is a director of TMF Hong Kong Limited, a company secretarial service provider and is responsible for provision of corporate secretarial and compliance services to listed company clients. Ms. Ng has over 20 years of experience in the company secretarial field and has extensive knowledge and experience in dealing with corporate governance, regulatory and compliance affairs of listed companies. She currently serves as the company secretary or joint company secretary of several companies listed on the Hong Kong Stock Exchange.

Ms. Ng obtained a master’s degree in laws from University of London in December 2017 and a bachelor’s degree in laws from City University of Hong Kong in November 2001. She is a Chartered Secretary, a Chartered Governance Professional and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

REPORT OF THE DIRECTORS

The Directors hereby present the Report of the Directors and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL BUSINESS

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.

RESULTS

Results of the Group for the year ended 31 December 2024 and the consolidated financial position of the Group as at that date are set out in the audited consolidated statement of profit or loss on page 113 and the audited consolidated statement of financial position on pages 115 to 116, respectively of this annual report.

ANALYSIS ON INVESTMENT STATUS

Overall analysis on external equity investment

During the Reporting Period, the Company signed the Equity Transfer Agreement with all shareholders of Baotou Changtai Mining to acquire 70% of the equity interests of Baotou Changtai Mining. The price of this equity transfer is based on the value of 100% of the entire equity of shareholders of Baotou Changtai Mining on 30 June 2023 as the valuation benchmark date, which is RMB681,805,500. After negotiation between both parties to the transaction, the transaction price of 70% of the equity interests of Baotou Changtai Mining is RMB471,100,000.

The Company's controlling subsidiary, Shanjin International, through its wholly-owned subsidiary 1466331 B.C. LTD., established in Canada by its subordinate Hainan Shengwei Trading Co., Ltd. (海南盛蔚貿易有限公司), acquired all issued and outstanding ordinary shares and to-be-diluted shares of Osino at a price of CAD 1.90 per share in cash. The final transaction amount for this acquisition is RMB1,890.0586 million.

REPORT OF THE DIRECTORS

2. Key Non-equity Investments

Unit: RMB100 million

No.	Project name	Total project investment amount	Progress of project	Amount completed during the Reporting Period	Cumulative amount completed	Revenue of project
1	Jiaojia mining area (integration) gold resources development project	82.73	The mixing shaft in the north area, the main shaft in the south area, the auxiliary shaft in the south area, the 2# air return shaft and other parts of the main control project were completed, and the second phase of the project is under construction.	3.1	8.6	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	39.5	The main shaft in mining area I, the auxiliary shaft in mining area II, the air return shaft and other parts of the main control project were completed, and the supporting engineering construction is in progress.	2.92	6.72	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	37.73	It is currently in the trial production.	22.1	41.12	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 Chaihulanzhi Gold Mining Co., Ltd.	2.78	The auxiliary shaft and air shaft of the main control project were completed, the second phase of tunnel development project is under construction, and the equipment and facilities are being installed.	0.58	2.35	According to the Feasibility Study Report, when the mine reaches production scale, it will produce 600,000 tonnes of ore per year.

Explanation: The completed investment amount and cumulative completed investment amount in this table represent the physical progress of the project investment.

REPORT OF THE DIRECTORS

DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

Landscape and Development Trend in the Industry

Competitive landscape in the industry

The current international environment becomes increasingly complex, unilateralism, protectionism and populism are on the rise, global geopolitical risks are frequent, and economic growth momentum is insufficient. Against this backdrop, gold, as an important strategic reserve that can enhance currency credibility and ensure national financial stability, has become a scarce resource sought after by all parties. Internationally, the surge in gold resource mergers and acquisitions is evident, with international peers such as Gold Fields Limited and AngloGold Ashanti (the leading global companies) intensifying their resource merger and acquisition efforts, acquiring large-scale gold mining projects to expand their gold production and further enhance their influence in the gold mining sector. Domestically, on one hand, relaxed national mining policies have provided new development opportunities for mining enterprises. The State has vigorously promoted a new round of strategic actions for mineral exploration breakthroughs, launching a large number of high-quality mining rights with mineral exploration prospects and resource potentials, supporting the development of mining enterprises and ensuring national mineral resource security. On the other hand, domestic gold mining companies have actively advanced their internationalization processes, with key gold mining companies making continuous progress in overseas mergers and acquisitions. In 2024, Shanjin International, a subsidiary of Shandong Gold, completed the acquisition of Osino, adding approximately 127.2 tonnes of gold resources for Shanjin International. Zhaojin Mining completed the acquisition of Australia's Tietto Minerals, gaining 88% equity interests of Abujar Gold Mine in Côte d'Ivoire. As the importance of mineral resources in the industrial competition among major powers continues to rise, global competition for gold resource mergers and acquisitions will become even more intense.

Currently, against the backdrop of increasingly heightened uncertainties in the global political and economic landscape, the demand for gold is expected to remain strong. Firstly, in terms of economic performance, the new U.S. administration's imposition of additional tariffs on foreign goods will trigger a new round of trade frictions, harming the global economy, while the rising U.S. debt level may undermine the credibility of United States dollars. Secondly, in terms of monetary policy, as the imposition of additional tariffs on foreign goods may impact the U.S. economy and drive inflation rebound, the Federal Reserve is expected to keep cutting interest rates, albeit at a slower pace. Lastly, in terms of geopolitical risks, the "America First" related policies that U.S. government has planned to implement will exacerbate tensions among major powers, making the global geopolitical landscape even more complex. Under the combined influence of these multifaceted factors, the value preservation and risk-averse functions of gold in global asset allocation are expected to be further enhanced, and the gold industry will face promising development opportunities.

Industry development trend

Gold mineral resources are the foundation for the development of gold industry and the basis for the survival and growth of gold enterprises. In recent years, China's gold enterprises have actively implemented the national deployment for a new round of strategic actions for mineral exploration breakthroughs, intensified their geological exploration efforts, and acquired resources globally through mergers, acquisitions, integrations and other methods, leading to the further concentration of high-quality gold resources among large gold enterprises. Meanwhile, the gold industry has continuously increased its efforts in scientific and technological innovation, particularly for large gold enterprises, which have continuously enhanced their independent innovation capabilities, promoted the transformation of scientific and technological achievements, and practiced responsible gold mining concepts, thereby driving the green, low-carbon and high-quality development of the gold industry.

REPORT OF THE DIRECTORS

Development Strategies of the Company

The Company's strategic vision is to become a "world-class gold mining enterprise with excellent technology and management and sustainable development". The Company will give full play to the leading role of large gold enterprises, steadfastly practice the green, innovative and lean development concepts, coordinate the domestic and international market landscape, and rely on the resource integration in important metallogenic zones to steadily advance the mergers and acquisitions of high-quality resources both domestically and internationally, so as to ensure the rapid and efficient release of overall production capacity in key areas. Meanwhile, we will accelerate the construction progress of infrastructure mine enterprises, promote the capacity stabilization and increase of in-production mine enterprises, and improve quality and efficiency by strengthening management, comprehensively enhancing operational efficiency and profitability. We are committed to establishing a comprehensive safety and environmental protection management system, actively developing and promoting new technologies, new equipment and new processes, and continuously enhancing the level of green and safe development. We always adhere to the concept of repaying shareholders, bravely undertake social responsibilities, and strive to build the Company into a world-class gold mining enterprise with global competitiveness and outstanding main business advantages, excellent corporate governance and excellent value creation ability.

Business Plans

In 2025, the production and operation plan determined by the Company is that the gold output is no less than 50 tonnes. The plan is formulated based on the current economic situation, market conditions and the situation of production and operation of the Company. As this is a guiding indicator of the Company and 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 2025:

(I) Focusing on capacity expansion and production increase, and strategically optimizing production management. We will develop the "15th Five-Year Plan" in a high standard, scientifically formulate annual budgets and production and operation plans, and decompose targets at all levels to ensure the fulfillment of responsibilities at each level. We will continuously optimize the production organization, production systems and processes, actively promote the construction of production and operation control systems and platforms, and vigorously promote advanced mining, beneficiation and smelting techniques and methods, accelerating the intelligent construction progress of mines, and expediting the implementation of critical production support projects. We will strive to increase mining outputs and enhance feed grades, so as to achieve quality improvement, capacity expansion, output stabilization and production increase.

(II) Focusing on empowering growth, and further enhancing scientific and technological innovation. We will increase our investment in scientific and technological research and development and our efforts in the transformation of achievements, deepen the industry-university-research integration and innovation, and make scientific researches focusing on seven major areas including intensive mining methods, intelligent large-scale paste filling, difficult beneficiation and smelting, photoelectric pre-sorting of gold ores, deep shaft construction, deep exploration of mines and intelligent support, so as to accelerate the resolution of "stuck neck" technical problems. We will promote the upgrading of scientific research platforms, and proactively participate in provincial-level and national-level key research and development projects, actively cultivating and developing new quality productive forces.

REPORT OF THE DIRECTORS

(III) Focusing on increasing resource reserves, and firmly consolidating resource guarantees. We will accelerate the informatization construction progress of geological resources, strengthen our researches on regional geological mineralization patterns, and increase our efforts in the boundary exploration, deep deposit exploration and peripheral expansion at mining areas, continuously expanding our mine exploration achievements. Meanwhile, we will continuously track and focus on merger and acquisition projects with high potentials, and enhance the acquisition of resources around the mining areas as well as in important metallogenic zones both domestically and internationally, building a resource reserve with reasonably coordinated gradients and timing sequences to continuously solidify the resource foundation.

(IV) Focusing on project construction, and steadily accelerating project progress. We will comprehensively review project construction timelines and roadmaps to promote the construction of key engineering projects in a high-quality and efficient manner, so as to achieve early completion, commissioning and achievements. As for the resource integrated project of Jiaojia Gold Mine and Xincheng Gold Mine, we will strictly adhere to schedules and plans to effectively implement critical projects, and fully guarantee the construction progress. We will increase the construction intensity of approved projects such as the Sanshandao auxiliary shaft for the Sanshandao Gold Mine, while simultaneously proceeding with the procedures for the whole expansion project of 15,000t/d of mining and beneficiation to ensure the project is ready for comprehensive construction as soon as possible. We will continue to promote the joint adjustment and commissioning as well as trial production for the production system of the Namdini Gold Mine project of Cardinal, and increase its capacity, so as to promote the project to reach its production capacity smoothly.

(V) Focusing on the enhancement of quality and efficiency, and unleashing the potential for management efficiency improvement. We will focus on key operational indicators and continuously enhance the level of lean management. We will deepen our efforts to reduce costs and increase efficiency, and systematically advance cost reduction in management, finance, policy, and centralized procurement, so as to control the cost and expenses within a reasonable range. We will strengthen the full-cycle management of projects, strictly control project timelines, investments, and quality, ensuring closed-loop supervision of investment matters before, during, and after events.

(VI) Focusing on safety and environmental protection, and laying a solid foundation for green development. We will better coordinate development and safety, with the three-year campaign for tackling the root causes of safety production as the main focus, and the prevention and resolution of major safety risks as the key initiative. We will adhere to the principles of controlling the safety according to law, and strengthening the safety control with scientific and technologies, so as to control the source and promote precise prevention of safety risks. We will prioritize the optimization of production systems, the construction of intelligent mines, the identification and management of hidden risks, and the enhancement of overall employee competence, thereby solidifying the foundation of safety production and promoting the transition of the safety governance model towards pre-event prevention, aiming to build “a safety Shandong Gold” at higher level. We will scientifically and steadily advance carbon peaking and carbon neutrality, synergistically promote carbon reduction, pollution control, green expansion, and growth, and comprehensively enhance the effectiveness of green mining construction.

(VII) Focusing on Party building, and comprehensively enhancing the level of Party building. We will explore new platforms and pathways for Party building, and actively carry out distinctive grassroots Party building brand creation activities. We will resolutely shoulder the primary responsibility of strict Party governance, continuously optimize the “big supervision” operational system, and promote the continuous optimization and improvement of the Company’s political ecosystem. We will scientifically manage talent allocation, with a particular focus on the construction of the young cadre team, continuously increase efforts to attract strategic talents, leading talents, and various high-level professionals, and diligently carry out the recruitment and training of industrial workers, comprehensively enhancing the overall quality of the Company’s talent pool.

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(VIII) Focusing on corporate governance, and continuously enhancing the quality of the listed company. We will continuously improve the corporate governance system and further enhance the level of standardized operations and the quality of information disclosure. We will deepen investor relations management, maintaining multi-channel communication and positive interaction with investors. We will comprehensively implement the concept of sustainable development from multiple dimensions, improve the construction of ESG system, and fully enhance the future-oriented sustainable development capabilities of the Company. We will prioritize shareholder returns, and conduct market value management work in a compliant, scientific, and systematic manner, striving to actively reward Shareholders with the achievements of the Company's development.

Possible Risks

The Company clarifies the risk management responsibilities of the Board, the management and various departments and positions by strengthening organizational leadership, and establishes a whole process and chain risk prevention and control work 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 demands of employees and the safety production supervision of governments at all levels continue to increase, despite significant efforts in safety management made by the Company, there are still issues in safety management, including inadequate implementation of responsibilities, incomplete identification of potential hazards, insufficient rectification of specific issues, and incomprehensive education and training due to factors such as natural conditions, personnel competency, technical capabilities and scientific and technological levels, leading to risks of production safety incidents, and restricting the achievement of the Company's intrinsic safety goals. Any casualties and property losses will have a significant impact on the Company's brand and social reputation.

Countermeasures: We signed safety work responsibility certificates at all levels, decomposing and implementing safety management objectives and responsibilities to specific positions and individuals; released the Opinions on Strengthening Safety Work in 2025 to guide the Company's safety work throughout the year; revised and improved various safety work management systems, solidifying the construction of safety work standardization. We strengthened prevention at source, promoted the transformation of safety hazard management from post-incident to pre-incident prevention, established a standardized safety work management system centered on the dual prevention mechanism of safety risk classification control and investigation and management of hidden dangers. We routinely implemented mining top help full support; accelerated the rectification of production systems, enhanced mine ventilation rectification, standardized the investigation and management of hidden disaster factors and established a normalized dynamic clearance mechanism for major accident hazards. We strengthened scientific and technological breakthroughs on mine safety, promoted the smart mine construction with the principles of "reducing the number of workers with mechanized, automated and intelligent equipment", for the purpose of increasing the intrinsic safety level of mines. We ensured safety investment, provided safety training, and enhanced the safety level of the working environment to improve the safety quality of safety managers and operators.

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(2) Environmental Protection Management Risks

Currently, the requirements of ecological and environmental protection policies are becoming increasingly stringent, and environmental regulations are tightening. The mining industry is still facing a severe environmental protection situation. Although the Company's ecological and environmental protection efforts have maintained a stable state, there is still a need to further strengthen basic environmental management, ecological restoration, pollution prevention, and risk control. In the event of incidents such as environmental pollution and major violations of laws and regulations in energy conservation and environmental protection, it will have a significant impact on the Company's healthy development and corporate image.

Countermeasures: We stuck to deeply studying and implementing the ecological civilization thoughts of General Secretary Xi Jinping and the development concept of "lucid waters and lush mountains are invaluable assets", increased publicity on ecological civilization, strengthened the ecological and environmental awareness of all employees. All employees signed ecological and environmental protection responsibility agreements, with responsibilities being firmly established at all levels, creating a collaborative effort where everyone takes joint responsibility and works together. We improved various ecological and environmental management systems, strengthened management of the "three simultaneities" of environmental protection, pollution prevention and control, cyanide residue, 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. We strengthened the construction of environmental protection professional technology and management teams, enhanced education and training, and improve management levels. We increased investment in environmental protection, 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. We intensified scientific and technological innovation, vigorously promote key technology breakthrough in "three wastes" treatment, cyanide-free gold extraction process, tailings comprehensive utilization, ecological restoration, pollution reduction and carbon emission reduction, etc.. We actively 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 to promote the construction of mines without tailings and waste. We strengthened the construction of environmental emergency response systems, timely prepared (revised) emergency plans for environmental emergencies, strengthened drills, prepared sufficient emergency materials, and improved the emergency prevention capabilities.

(3) 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. Against the backdrop of the severe global economic situation and increased geopolitical instability, changes in national policies (such as monetary policy, fiscal policy, industry policy, regional development policy, etc.) and fluctuations in exchange rates could have a substantial impact on product prices, thereby affecting the Company's profitability.

Countermeasures: We continuously refined and optimized our research framework for gold prices, further enhancing our analysis and judgment capabilities. We engaged in regular in-depth exchanges with external institutions to comprehensively improve our ability to analyze and judge price trends. By closely monitoring market developments, we explored the use of appropriate hedging instruments and formulate diversified strategies and effectively reduced the risk of price fluctuations.

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(4) Resource Acquisition Risk

With the intensification of global resource competition, stricter national safety and environmental policies, adjustments in industry policies and other factors, the difficulty of acquiring resources has increased.

Countermeasures: We continued to intensify exploration efforts on self-owned mining rights, and closely focused on the deep and surrounding parts of mines to consistently enhance resource confidence, expanded our advantages in production capacity and resource scale. We accelerated the exploration process of primary mining rights and continuously achieved breakthroughs in mineral discovery. By strengthening the leading role in science and technology, we made new breakthroughs in theories of ore formation and prospecting and regional exploration. We strengthened the mergers and acquisitions of mining rights in important mineralization belts, aligned with national resource strategies, accelerated our global expansion efforts, and continuously increased the proportion of resource reserves outside the province and abroad.

EXCHANGE RATE VOLATILITY RISK

The majority of the Group's revenues, operating costs and expenses are, and are expected to remain, denominated in RMB. However, revenue generated from our Argentine operations is denominated in USD, while the operating and capital costs of the Veladero Gold Mine are partially denominated in ARS. As the price trends for gold denominated in RMB are generally in line with international gold prices denominated in USD and the ARS has experienced significant volatility previously, the Group's revenue may be subject to substantial changes in the exchange rate of the RMB against the USD rate as well as the ARS against the USD. Therefore, the Group's consolidated financial results may be affected. The management monitors foreign exchange exposure and hedges foreign exchange risk in a timely manner as and when required.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER AND CONNECTED TRANSACTIONS

As at the date of preparation of this annual report, SDG Group directly and indirectly held 45.30% of the total issued Shares of the Company.

SDG Group (excluding our Group) engages in gold mining related operations, including geological exploration and mining of gold, gold processing, gold smelting and technical services, and production and sales of specialized equipment and supplies and construction materials for gold mines (the "**Retained Businesses**"). The gold resources of SDG Group (excluding our Group) are mainly located in the PRC. As of 31 December 2024, it owned 33 gold mine exploration permits in the PRC with an aggregate of approximately 265.7 tonnes of gold resources measured with reference to rules for estimation of China's resource reserves and reviewed and filed with relevant authorities; and 10 gold mine mining permits in the PRC with an aggregate of approximately 108.1 tonnes of measured gold resources. Except a few exploration permits under which the gold mines are either with insignificant resources detected or subject to government approval for consolidation, all the exploration and mining permits held by SDG Group (excluding our Group) have been under entrustment arrangement pursuant to the Equity Entrustment Framework Agreement between our Company and SDG Group Co.. The Company will continue to disclose the status of the transfer of the exploration and mining permits in its interim and annual reports after listing, including but not limited to, any change in the list of entrusted targets, whether the relevant permits granted to the Company under the non-competition undertaking have been exercised, the status of boundary and capacity expansion (if applicable). For details of the relevant permits held by SDG Group, please refer to the paragraph headed "Exploration and Mining Permits Held by SDG Group (Excluding our Group) in the PRC as of the End of the Reporting Period" below.

In addition, SDG Group holds a controlling interest in Focus Minerals Limited (an Australian listed company principally engaged in gold exploration and production, stock code: FML) through SDG International Mining Co., Ltd. (山東黃金國際礦業有限公司) ("**SD International**"). Focus Minerals Limited is owned as to approximately 63.18% by SD International, and SD International is owned as to approximately 65% by SDG Group Co..

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In April 2023, SDG Group transferred its 130,000,000 A Shares to a pledged account opened at Shanghai Branch of China Securities Depository and Clearing Co., Ltd, which served as a guarantee for SDG Group's 2023 non-public issuance of exchangeable corporate bonds for professional investors.

On 8 December 2023, the Company's shareholder SDG Non-ferrous and Shandong Tonghui Capital Investment Group Co., Ltd. (山東通匯資本投資集團有限公司) ("**Tonghui Capital**"), a holding subsidiary of Shandong Hi-Speed Group Co., Ltd., signed a share transfer agreement, pursuant to which SDG Non-ferrous transferred the outstanding 12,535,622 Shares not subject to trading moratorium held by it in the Company to Tonghui Capital at a price of RMB23.022 per share by way of transfer by agreement. The transfer registration was completed on 22 February 2024. After the completion of the transfer by agreement, the Company's total share capital remains unchanged. SDG Non-ferrous directly holds 102,941,860 A Shares of the Company, accounting for 2.30% of the Company's total issued shares; Tonghui Capital directly holds 12,535,622 A Shares of the Company, accounting for 0.28% of the Company's total issued shares.

On 19 August 2024, the Company's controlling shareholder, SDG Group, entered into a Share Transfer Agreement with its wholly-owned subsidiary, Shandong Gold Resources Development Co., Ltd. ("**SDG Resources Development**"). Pursuant to the agreement, SDG Group transferred 73,500,000 A-shares it held in the Company to SDG Resources Development at a price of RMB29.30 per share by way of transfer by agreement. The transfer registration of the aforementioned share transfer by agreement was completed on 29 August 2024. After the completion of the transfer by agreement, the Company's total share capital remains unchanged.

The Company has not entered into any loan contract to establish the obligation terms of the SDG Group.

NON-COMPETITION UNDERTAKING

SDG Group Co. and/or its subsidiaries has provided several non-competition undertakings to our Company in August 2002, February 2007, November 2014 and November 2022, respectively. In order to further regulate the business delineation between the Company and SDG Group, SDG Group Co. and the Company entered into a non-competition undertaking on 7 September 2018 (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, save for the Retained Businesses and subject to the provisions under the Non-competition Undertaking, SDG Group Co. undertakes that (a) none of SDG Group Co. and any entity in which it holds an interests as a controlling shareholder (excluding any member of our Group) (the "**Controlled Entities**") currently engage or will engage in gold mining business; (b) SDG Group Co. will not compete with our Company, directly and indirectly, in gold mining business; (c) SDG Group Co. will procure all Controlled Entities not to compete with our Company, directly or indirectly, in gold mining business; and (d) SDG Group Co. will not, and will procure any Controlled Entity not to, invest in a business opportunity that is primarily related to gold mining business and in which SDG Group Co. or a Controlled Entity has an actual or potential opportunity to invest or otherwise acquire an interest, or otherwise acquire an interest in a person or asset that as a material part of its business operates or holds assets in gold mining business. In addition, in order to avoid potential competition between SDG Group Co. and the Group, SDG Group Co., among others, has provided the Company the pre-emptive right regarding the Retained Businesses to better protect the interests of the Group.

SDG Group Co. has confirmed in writing to the Company of its compliance with the Non-competition Undertaking during the Reporting Period. The independent non-executive Directors have also reviewed the compliance by SDG Group Co. with the Non-competition Undertaking during the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there was no breach of the Non-competition Undertaking by SDG Group Co. during the Reporting Period.

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EXPLORATION AND MINING PERMITS HELD BY SDG GROUP (EXCLUDING OUR GROUP) IN THE PRC AS OF THE END OF THE REPORTING PERIOD

Statistics of the resources under the exploration permits of SDG Group

No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
1	The gold mine at Shanglanzi mine area in Penglai City, Shandong Province (exploration) (山東省蓬萊市上嵐子礦區金礦勘探)	Shandong Gold Jinchuang Group Co., Ltd.	Yanzikuang Village, Daliuhang Town, Penglai City, Shandong Province	3.6	Yes
2	The gold mine in Shuiwangzhuang mining area, Zhaoyuan City, Shandong Province (exploration) (山東省招遠市水旺莊礦區金礦勘探)	Zhaoyuan Jiuzhou Mining Co., Ltd.	Zhaoyuan City, Shandong Province	186.1	Yes
3	The gold mine in Lijiazhuang mining area, Zhaoyuan City, Shandong Province (exploration) (山東省招遠市李家莊礦區金礦勘探)	Shandong Chengjin Mining Co., Ltd.	Zhaoyuan City, Shandong Province	17.05	Yes
4	The gold mine at Jiuzhanggou West in Song County, Henan Province (general prospecting) (河南省嵩縣九仗溝西金礦普查)	Songxian Shanjin Mining Co., Ltd.	Song County, Henan Province	Not detected yet	Yes
5	The gold mine at the peripheral rim of Dayaokeng mine area in Zhenghe County, Fujian Province (general exploration) (福建省政和縣大藥坑礦區金礦外圍地質詳查)	Fujian Province Zhenghe Hongkun Mining Co., Ltd.	Dayaokeng Village, Xingxi Town, Zhenghe County, Fujian Province	Not detected yet	Yes
6	The gold mine at the deep level of Dayaokeng mine area in Zhenghe County, Fujian Province (general exploration) (福建省政和縣大藥坑礦區金礦深部詳查)	Fujian Province Zhenghe Hongkun Mining Co., Ltd.	Dayaokeng Village, Xingxi Town, Zhenghe County, Fujian Province	Au: 0.89 Ag: 21.09	Yes
7	The gold and copper mine in the outer rim of Xingxi mine area in Zhenghe County, Fujian Province (general exploration) (福建省政和縣星溪礦區外圍金銅礦詳查)	Fujian Province Zhenghe Dayuan Mining Co., Ltd.	Zhenghe County, Fujian Province	Not detected yet	Yes
8	The gold mine at Asiha (Kere) District in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣阿斯哈(可熱)地區金礦詳查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	8.027	Yes
9	Walega gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣瓦勒尕金礦詳查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	7.92	Yes
10	The outer rim of Walega gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣瓦勒尕金礦外圍詳查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	0.1	Yes

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No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
11	The gold mine at Daligigetang District in Dulan County, Qinghai Province (general prospecting) (青海省都蘭縣達里吉格塘地區金礦普查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
12	Guoluolongwa gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣果洛龍窪金礦詳查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	12.94	Yes
13	Guoluolongwa gold mine (below 3,740 meters) in Dulan County, Qinghai Province (general prospecting) (青海省都蘭縣果洛龍窪金礦(3,740米以下)普查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
14	Annage gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣按納格金礦詳查)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	1.67	Yes
15	The gold mine at Cangshang-Panjiawuzi District in Laizhou City, Shandong Province (exploration) (山東省萊州市倉上-潘家屋子地區金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Jincang Street, Laizhou City, Shandong Province	0.39	Yes
16	The middle and deep level of Liucun gold mine in Laizhou City, Shandong Province (general exploration) (山東省萊州市留村金礦中深部詳查)	Shandong Gold Geological Mine Exploration Co., Ltd.	Hutouya Town, Laizhou City, Shandong Province	2	Yes
17	Zhaojia gold mine in Laizhou City, Shandong Province (exploration) (山東省萊州市趙家金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Pinglidian Town, Laizhou City, Shandong Province	Not detected yet	Yes
18	Shangmajia gold mine in Laizhou City, Shandong Province (exploration) (山東省萊州市上馬家金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Zhacun Town, Laizhou City, Shandong Province	0.22	Yes
19	The gold mine at Qianlijia District in Laizhou City, Shandong Province (exploration) (山東省萊州市前李家地區金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Laizhou City, Shandong Province	0.404	Yes
20	Goumabei Gold Mine in Zhaishang Mining District, Min County, Gansu Province (general exploration) (甘肅省岷縣寨上礦區溝麻背金礦詳查)	Shandong Gold Geological Mine Exploration Co., Ltd.	Min County, Gansu Province	20.145	Yes
21	The gold mine at Dayinjia mine area in Laizhou City, Shandong Province (exploration) (山東省萊州市大尹家礦區金礦勘探)	Shandong Jindi Mining Co., Ltd.	Zhuqiao Town, Pinglidian Town, Laizhou City, Shandong Province	Not detected yet	Yes

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No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
22	Dachaidan Hangwei Shengligou gold mine in Qinghai Province (general exploration) (青海省大柴旦行委勝利溝金礦詳查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Dachaidan Hangwei, Haixi Prefecture, Qinghai Province	0.56	Yes
23	The gold mine at south Asiha in Dulan County, Qinghai Province (pre-prospecting) (青海省都蘭縣阿斯哈南金礦預查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
24	The gold mine at south Walega in Dulan County, Qinghai Province (pre-prospecting) (青海省都蘭縣瓦勒尕南金礦預查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
25	The gold mine at Hongqidian, Tuoli County, Xinjiang (general prospecting) (新疆托里縣紅旗點金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Tuoli County, Tacheng District, Xinjiang	Not detected yet	Yes
26	The gold mine at Anjacha Gold Mine in Xihe County, Gansu Province (general exploration) (甘肅省西和縣安家岔金礦詳查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Xihe County, Gansu Province	Not detected yet	Yes
27	The outer rim of Siergoumen gold mine in Xihe County, Gansu Province (general prospecting) (甘肅省西和縣四兒溝門外圍金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Xihe County, Gansu Province	Not detected yet	Yes
28	Tenglongling gold mine in Yiwu County, Xinjiang (general prospecting) (新疆伊吾縣騰龍嶺金礦普查)	Shandong Gold Resources Development Co., Ltd.	Yiwu County, Xinjiang	3.7	Yes
29	Wuzunbulake gold mine in Gaochang District, Turpan City, Xinjiang (general prospecting) (新疆吐魯番市高昌區烏尊布拉克金礦普查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Gaochang District, Turpan City, Xinjiang	Not detected yet	Yes
30	East Wuzunbulake gold mine in Gaochang District, Turpan City, Xinjiang (general prospecting) (新疆吐魯番市高昌區烏尊布拉克東金礦普查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Gaochang District, Turpan City, Xinjiang	Not detected yet	Yes
31	The Yinxiangou gold-polymetallic mine in Songshan District, Chifeng City, Inner Mongolia Autonomous Region (general exploration) (內蒙古自治區赤峰市松山區銀線溝金多金屬礦詳查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Songshan District, Chifeng City	Not detected yet	Yes
32	The gold-copper polymetallic mine in vicinity of Kongque Gou North, Turpan City, Xinjiang (general prospecting) (新疆吐魯番市孔雀溝北一帶金銅多金屬礦普查)	Shandong Gold Resources Development Co., Ltd.	Turpan City, Xinjiang	Not detected yet	Yes
33	The Tiligendai gold-polymetallic mine in Wengniute County, Chifeng City, Inner Mongolia Autonomous Region (general prospecting) (內蒙古自治區赤峰市翁牛特旗鐵力根台金多金屬礦普查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Wengniute County, Chifeng City	Not detected yet	Yes
Total				265.716	

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Statistics of the resources under the mining permits of SDG Group

No.	Name of exploration permit	Holder of exploration permit	Location	Retained gold content (tonnes)	Whether entrusted by the Company
1	Shandong Gold Jinchuang Group Co., Ltd. Yankou mine area (山東黃金金創集團有限公司奄口礦區)	Shandong Gold Jinchuang Group Co., Ltd.	Yankou area, Daliuhang Town, Penglai, Shandong Province	57.73	Yes
2	Shandong Jinchuang Co., Ltd. Shangkouwangli gold mine area (山東金創股份有限公司上口王李金礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	3.879	Yes
3	Shandong Jinchuang Co., Ltd. Heijinding mine area (山東金創股份有限公司黑金頂礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	1.538	Yes
4	Shandong Jinchuang Co., Ltd. Heilangou mine area (山東金創股份有限公司黑嵐溝礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	16.889	Yes
5	Qingdao Jinxing Mining Co., Ltd. (青島金星礦業股份有限公司)	Qingdao Jinxing Mining Co., Ltd.	Jiudian Town, Pingdu City, Shandong Province	6.325	Yes
6	Hainan Shanjin Mining Co., Ltd. Baolun gold mine in Ledong County (海南山金礦業有限公司樂東縣抱倫金礦)	Hainan Shanjin Mining Co., Ltd.	Ledong County, Hainan Province	13.277	Yes
7	Songxian Shanjin Mining Co., Ltd. (嵩縣山金礦業有限公司)	Songxian Shanjin Mining Co., Ltd.	Shuigou Village, Dazhang Town, Song County, Luoyang	4.27	Yes
8	Fujian Province Zhenghe Hongkun Mining Co., Ltd. Dayaokeng gold mine (福建省政和縣宏坤礦業有限公司大藥坑金礦)	Fujian Province Zhenghe Hongkun Mining Co., Ltd.	Xingxi Town, Zhenghe County, Fujian Province	0.94	Yes
9	Qinghai Shanjin Mining Co., Ltd. Guoluolongwa gold mine in Dulan County (青海山金礦業有限公司都蘭縣果洛龍窪金礦)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	0.923	Yes
10	Fujian Province Zhenghe Dayuan Mining Co., Ltd. sulfur-gold-copper mine of Xingxi mine area (福建省政和縣大源礦業有限公司星溪礦區硫金銅礦)	Fujian Province Zhenghe Dayuan Mining Co., Ltd.	Zhenghe County, Fujian Province	2.365	Yes
Total				108.136	

Notes:

- According to the requirements of the governments at all levels of Shandong Province and Yantai City on the gold mineral resources consolidation plan in 2021, Laizhou Ludi Mining Investment and Development Co., Ltd., a wholly-owned subsidiary of SDG Group, consolidated and transferred the Jincheng Gold Mining Permit held by it to Shandong Gold Mining (Laizhou) Co., Ltd. ("**Laizhou Company**"), a wholly-owned subsidiary of the Company. In 2022, Laizhou Company acquired the consolidated "Jiaojia Gold Mining Permit", which includes the Jincheng Gold Mining Permit, and the gold content of Jincheng Gold Mining Permit reached 73.4 tonnes, and the resource income from the Jincheng Gold Mining Permit remains substantially attributable to Laizhou Ludi Mining Investment and Development Co., Ltd.
- SDG Group has been sorting out the resources of gold exploration and mining permits owned by it in the PRC and improvement in their titles or certificates, and will actively promote the transfer of eligible mineral rights to the Company. If the relevant conditions for their injection into the Company are not met or the Company is unwilling to acquire them, such mineral rights will be disposed of by way of sale to an unrelated third party, etc., with the prior consent of the Company.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

One-off connected transactions

On 26 January 2024 (after trading hours), the Company and Shandong Gold Geological Mine Exploration Co., Ltd. (山東黃金地質礦產勘查有限公司) (“**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 held on 7 March 2024. SDG Group Co. is the controlling shareholder. Shandong Gold Exploration is an indirect wholly-owned subsidiary of SDG Group Co. Accordingly, the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules and is subject to reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcements of the Company dated 26 January 2024 and 7 March 2024 and the circular of the Company dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

Continuing connected transactions

Financial Services Framework Agreement

The Company has entered into a new financial services framework agreement with SDG Group Finance (the “**Financial Services Framework Agreement**”) on 28 March 2022, pursuant to which SDG Group Finance will provide the Company and/or our associates with financial services, among others, (i) deposits and related services (the “**Deposit Services**”); (ii) loan, overdraft, bill and other financing related services under the total credit facilities (the “**Financing Services**”); and (iii) other financial services, including settlement, guarantee, insurance agent, and financial consultancy (the “**Other Financial Services**”) for a term from 31 May 2022 to 31 December 2024 to facilitate the Group’s operational needs of financial services.

Having considered that the Financial Services Framework Agreement expired on 31 December 2024, the Company entered into a new financial services framework agreement (the “**New Financial Services Framework Agreement**”) with SDG Group Finance on 20 September 2024 (after trading hours) to renew these continuing connected transactions, and set the annual cap thereunder for 2025, 2026 and 2027. The New Financial Services Framework Agreement will take effect from 1 January 2025 until 31 December 2027, and will be valid for three years. The New Financial Services Framework Agreement and the annual caps thereunder have been approved by the independent Shareholders at the 2024 fifth extraordinary general meeting of the Company held on 18 October 2024. For details, please refer to the announcements of the Company dated 20 September 2024 and 18 October 2024, and the circular of the Company dated 27 September 2024, published on the website of the Hong Kong Stock Exchange.

REPORT OF THE DIRECTORS

The annual caps for the transactions under the Financial Services Framework Agreement and New Financial Services Framework Agreement for the four years ended/ending 31 December 2024, 2025, 2026, and 2027 are as follows.

	Annual cap (RMB million)			
	For the year ended/ending 31 December			
	2024	2025	2026	2027
Deposit Services				
Maximum daily balance of Deposit Services	3,300	3,600	3,800	4,000
Interest income from Deposit Services on an actual basis	75	85	100	120
Financing Services				
Maximum daily balance of loan and other financing services	4,300	4,800	5,000	5,200
Maximum daily balance of overdraft services	900	1,000	1,100	1,200
Total annual credit facilities	5,500	6,000	6,300	6,600
Interest expenses for Financing Services on an actual basis	100	130	140	150
Other Financial Services				
Handling fees and Other Financial Services	50	50	50	50

For the year ended 31 December 2024, the historical amounts of the transactions are as follows:

	Historical transaction amount for the year ended 31 December 2024 (RMB million)
Deposit Services	
Maximum daily balance of Deposit Services	3,298.41
Interest income from Deposit Services on an actual basis	49.65
Financing Services	
Maximum daily balance of loan and other financing services	2,361.10
Maximum daily balance of overdraft services	360.00
Total annual credit facilities	4,200.00
Interest expenses for Financing Services on an actual basis	88.21
Other Financial Services	
Handling fees and Other Financial Services	1.11

SDG Group Finance is 70% owned by SDG Group Co. and 30% owned by the Company. SDG Group Finance is therefore a connected person of the Company. As each of the percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) applicable to the annual caps of the Deposit Services under the Financial Services Framework Agreement and New Financial Services Framework Agreement is more than 0.1% but less than 5%, the Deposit Services provided by SDG Group Finance to the Group are subject to the reporting and announcement requirements as set out in Rule 14A.35 of the Hong Kong Listing Rules but exempt from the independent shareholders' approval requirement under Rules 14A.36 to 14A.39 of the Hong Kong Listing Rules. For details, please refer to the announcements of the Company dated 28 March 2022 and 18 October 2024.

REPORT OF THE DIRECTORS

New Comprehensive Service Framework Agreement

In view of the expiration of the comprehensive service framework agreement on 31 December 2023, the Company entered into a new comprehensive service framework agreement (the “**New Comprehensive Service Framework Agreement**”) with SDG Group Co. on 4 December 2023 to renew such continuing connected transactions, and set annual caps for 2024, 2025 and 2026 thereunder. Pursuant to which, the Group may provide SDG Group with comprehensive services, and SDG Group may also provide comprehensive services to the Group, including (i) the procurement of supplies, products and services by the Group from SDG Group (the “**Procurement of Products and Services from SDG Group**”); (ii) the sales of supplies, products and services by the Group to SDG Group; (the “**Sales of Products and Services to SDG Group**”); (iii) the granting by SDG Group to the Group the rights to use certain trademarks/logos and certain equipment, vehicles, buildings and lands property rights (the “**Granting of Trademark Licensing and Property Leasing by SDG Group**”); (iv) the leasing of buildings and equipment by the Group to SDG Group (the “**Provision of Property Leasing to SDG Group**”); and (v) the equity entrustment services provided by the Group to SDG Group (the “**Equity Entrustment Services**”). The New Comprehensive Service Framework Agreement is valid for three years from 1 January 2024 to 31 December 2026. The New Comprehensive Service Framework Agreement and the annual caps thereunder have been approved by the independent shareholders at the 2023 sixth extraordinary general meeting of the Company held on 28 December 2023. For details, please refer to the announcements of the Company dated 4 December 2023 and 28 December 2023 as well as the circular of the Company dated 11 December 2023 published on the website of the Hong Kong Stock Exchange.

As the actual amounts for the Sales of Products and Services to SDG Group, the Granting of Trademark Licensing and Property Leasing by SDG Group, and the Provision of Property Leasing to SDG Group were expected to exceed the original forecasts, the existing annual caps for these transactions for the year ended 31 December 2024, were anticipated to be insufficient. Therefore, on 28 August 2024 (after trading hours), the Board approved a resolution to increase the annual caps for the Sales of Products and Services to SDG Group Co., the Granting of Trademark Licensing and Property Leasing by SDG Group, and the Provision of Property Leasing to SDG Group for the year ended 31 December 2024, and to re-comply with the requirements of Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 28 August 2024, published on the website of the Hong Kong Stock Exchange.

The annual caps for the transactions under the New Comprehensive Service Framework Agreement for the three years ended/ending 31 December 2024, 2025 and 2026 are as follows:

	Annual cap (RMB million)		
	For the year ended/ending 31 December		
	2024	2025	2026
Procurements of Products and Services from SDG Group	3,423.8542	3,926.8405	4,172.2608
Sales of Products and Services to SDG Group	1,900.2709	1,295.2483	1,413.1600
Granting of Trademark Licensing and Property Leasing by SDG Group	61.6677	56.7322	56.8238
Provision of Property Leasing to SDG Group	9.0769	4.8018	4.8018
Provision of Equity Entrustment Services to SDG Group	5.0000	5.0000	5.0000

REPORT OF THE DIRECTORS

For the year ended 31 December 2024, the historical amounts of the transactions are as follows:

	Historical Transaction amount for the year ended 31 December 2024 (RMB million)
Procurements of Products and Services from SDG Group	2,584.06
Sales of Products and Services to SDG Group	1,590.15
Granting of Trademark Licensing and Property Leasing by SDG Group	27.30
Provision of Property Leasing to SDG Group	4.88
Provision of Equity Entrustment Services to SDG Group	3.77

SDG Group Co. is the controlling Shareholder of the Company and therefore a connected person of the Company. Therefore, the New Comprehensive Service Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios for the annual cap of the Procurement of Products and Services from SDG Group under the New Comprehensive Service Framework Agreement exceed 5% when calculated on an annual basis, the Procurement of Products and Services from SDG Group is subject to the requirements of reporting, annual review, announcement and independent shareholder's approval under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios for each of the annual caps of the Sales of Products and Services to SDG Group, and the Granting of Trademark Licensing and Property Leasing by SDG Group under the New Comprehensive Service Framework Agreement exceed 0.1% but are less than 5% when calculated on an annual basis, each of the Sales of Products and Services to SDG Group, and the Granting of Trademark Licensing and Property Leasing by SDG Group, is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As all of the applicable percentage ratios for each of the Provision of Property Leasing, and Equity Entrustment Services to SDG Group under the New Comprehensive Service Framework Agreement are less than 0.1% when calculated on an annual basis, each of the Provision of Property rights Leasing and Equity Entrustment Services to SDG Group under the New Comprehensive Service Framework Agreement constitutes a transaction at the lowest exemption level and is fully exempted from the requirements of reporting, announcement, annual review and independent shareholder's approval under Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

REPORT OF THE DIRECTORS

Annual review of continuing connected transactions

Pursuant to Rule 14A.56 of the Hong Kong Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company confirmed to the Board that:

- (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and confirmed that for the year ended 31 December 2024:

- (i) these transactions were entered into in the ordinary and usual course of business of the Group;
- (ii) these transactions were entered into either on normal commercial terms, or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) these transactions were entered into according to the agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, none of the related-party transactions or continuing related-party transactions set out in note 44 to the consolidated financial statements of this annual report fall within the scope of discloseable connected transaction or continuing connected transaction under the Hong Kong Listing Rules. The connected and continuing connected transactions of the Group are in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company confirms that the execution and performance of the specific agreements under the above-mentioned continuing connected transactions for the year ended 31 December 2024 have complied with the pricing principles governing such continuing connected transactions.

REPORT OF THE DIRECTORS

ANALYSIS AND EXPLANATION ON THE CHANGES IN ACCOUNTING POLICIES AND IMPACTS BY THE COMPANY

Analysis and explanation on changes in accounting policies of the Company are set out in note 2.1.2 to the consolidated financial statements of this annual report.

EMPLOYEE STOCK OWNERSHIP SCHEME PRIOR TO THE LISTING OF H SHARES

In May 2015, the Company obtained approval from the Shareholders' general meeting of our Company to establish the Phase One Employee Shareholding Scheme of Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司第一期員工持股計劃) (the "**Employee Shareholding Scheme**") for the purpose of enhancing the cohesiveness of employees and vitality of the Company's development, and improving corporate governance, so as to better promote the Company's long-term, sustainable and healthy development. The Employee Shareholding Scheme is adopted with a duration of 84 months. The eligible participants of the Employee Shareholding Scheme include certain then management members of our Company, our subsidiaries and target companies in connection with the private placement in 2016.

On 17 October 2016, our Company completed registration and custody procedures at the Shanghai branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) of 11,645,629 Shares to 128 individuals at the price of RMB14.30 per Share under the Employee Shareholding Scheme for a subscription amount of RMB166,532,494.70. The Company has not issued any Shares under the Employee Shareholding Scheme since then. The relevant Shares were subject to a lockup period of 36 months and were unlocked and vested to the said participants. As of the end of reporting period, all Shares under the Employee Shareholding Scheme have been sold. The Employee Shareholding Scheme does not constitute a share scheme under Chapter 17 of the Hong Kong Listing Rules.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the year, including a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and this "Report of the Directors" of this annual report.

For discussion on the Group's compliance with relevant laws and regulations that have a significant impact on the Group, please refer to this "Report of the Directors" and the "2024 Sustainability Report" published by the Company.

ENVIRONMENTAL POLICIES

The Company always adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly studies the directives of the 20th National Congress of the Communist Party of China, as well as the Second and Third Plenary Sessions of the 20th Central Committee, fully implements Xi Jinping Thought on Ecological Civilization, and firmly establishes and practices the concept that "lucid waters and lush mountains are invaluable assets". The Company adheres to targeted, scientific, and legal pollution control, deeply promotes the battle against environmental pollution, continuously consolidates and enhances the construction of green mines, promotes "carbon peaking and carbon neutral" in an orderly manner, collaborates in promoting carbon reduction, pollution reduction, green expansion, and economic growth, and accelerates promoting the modernized model of harmonious co-existence between humanity and nature, so as to constantly polish the brand image of "Shandong Gold, Ecological Mining".

For further discussion on the Group's environmental policies and performance, please refer to the "2024 Sustainability Report" published by the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, as at the date of this annual report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the staff of the Group and the related remuneration policy and training programmes are set out in this "Report of the Directors".

The Group maintains a good relationship with its customers. The Group continually provides high quality gold products at a competitive price to customers, and optimizes its products from time to time by lowering operating costs through technical advancement to increase customer satisfaction.

The Group maintains a good relationship with its suppliers. The Group continues to perfect its procurement process and mechanism. Not only does the Group reinforce its supplier management, but it also insists on the business principles of integrity and trustworthiness to enhance communications with suppliers by all available means, with the goal of seeking mutual benefit and prosperity for all.

SHARE CAPITAL

Details of the movements in the share capital of the Group for the year ended 31 December 2024 are set out in note 38 to the consolidated financial statements of this annual report.

REPORT OF THE DIRECTORS

RESERVES

Details of the movements in the reserves of the Group for the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on pages 117 to 119 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, pursuant to the relevant laws and regulations, the Group's distributable reserves amounted to RMB15,571,023,000 (31 December 2023: RMB14,418,333,000). Details of the Company's distributable reserves are set out in the consolidated statement of changes in equity on pages 117 to 119 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 17 to the consolidated financial statements of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 3 of this annual report. This summary does not form part of the audited financial statements.

DONATIONS

During the Reporting Period, the Group made charitable and other donations of approximately RMB6.25 million.

BANK AND OTHER BORROWINGS

Details of the Group's bank and other borrowings for the year ended 31 December 2024 are set out in note 31 to the consolidated financial statements of this annual report.

ASSETS PLEDGED OR CHARGED

As of 31 December 2024, the Group did not have any other material pledge of assets save as the pledges disclosed in this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company has not entered into any equity-linked agreement during the Reporting Period.

MAJOR SUPPLIERS AND CUSTOMERS

The details of the Company's top five suppliers and top five customers are set out in "Management Discussion and Analysis" of this annual report. All transactions between the Company and the related suppliers and customers were entered into under normal commercial terms.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the current Directors and senior management of the Company and the Directors and senior management of the Company who resigned during the year. Except for such insurance, the Company has no valid permitted indemnity provisions (as defined in Companies (Directors' Report) Regulation of Chapter 622D of the Laws of Hong Kong) during the Reporting Period and at the time of approval of this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended 31 December 2024 and up to the date of this annual report are as follows:

Executive Directors:

Mr. Liu Qin
Mr. Wang Shuhai
Mr. Tang Qi

Non-executive Directors:

Mr. Li Hang (*Chairman*)
Mr. Wang Lijun (resigned on 12 January 2024)
Ms. Wang Xiaoling

Independent Non-executive Directors:

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

Supervisors:

Mr. Li Xiaoping
Ms. Liu Yanfen
Mr. Luan Bo

To the best of the Board's knowledge, information and belief, the Directors, Supervisors and senior management do not have any relationship amongst them.

BRIEF BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Summary of the Directors, Supervisors and senior management are set out in "Brief Biographies of Directors, Supervisors and Senior Management" of this annual report.

REPORT OF THE DIRECTORS

DISCLOSURE OF INFORMATION OF DIRECTORS AND SUPERVISORS PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

As disclosed in the announcement of the Company dated 31 December 2024, in accordance with the relevant regulations on part-time work management of academicians of the Chinese Academy of Engineering, Mr. Wang Yunmin tendered his resignations as an independent non-executive Director and a member of the Strategy Committee, a member of the Audit Committee, a chairman of the Nomination Committee and a member of the Remuneration and Appraisal Committee of the sixth session of the Board of Directors. Mr. Wang Yunmin will cease to hold any position in the Company after the resignations. Given that the resignations of Mr. Wang Yunmin will result in the number of independent non-executive Directors of the Company falling below one-third of the members of the Board of Directors, pursuant to the PRC Company Law, the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidelines No. 1 of the Shanghai Stock Exchange for the Self-regulation of Listed Companies – Standard Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》), the Articles of Association and other relevant provisions, such resignation report shall take effect upon the appointment of a new independent non-executive Director or where the number of independent non-executive Directors is not less than one-third of the Board of Directors. Until then, Mr. Wang Yunmin will continue to perform his duties in accordance with the requirements of relevant laws and regulations and the Articles of Association. Save as disclosed in this annual report, there are no other changes to the information of the Directors and Supervisors as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company respectively. All these contracts are for a term of three years for Directors (pursuant to article 139 of the Articles of Association) and for Supervisors (pursuant to article 196 of the Articles of Association). The term of appointment for the Directors and the Supervisors is subject to re-election and re-appointment. Remuneration of the Directors and Supervisors can be adjusted at Shareholders' general meetings.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals in the Group are set out in note 12 to the consolidated financial statements of this annual report.

No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2024.

REMUNERATION POLICY

The Company is strategically oriented, and based on the principle of market-oriented allocation, has established a post-performance salary system that is competitive, fair, and motivating internally, and offering competitive salary in line with the external market rate to enhance the performance of employees. The annual salary standard of senior management is determined according to the market rate whilst in consideration of the corporate efficiency, scale, and operational difficulty of his/her respective position and fulfilment of one's target responsibility signed by the senior management annually. As at 31 December 2024, there was no forfeited contributions usable by the Group to reduce the existing level of contributions.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence. The Company believes that all of the independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

REPORT OF THE DIRECTORS

COMPETING BUSINESS

Save for some of our Directors holding certain directorships and/or other senior management positions in SDG Group, none of our Directors had any interests in any business, which competes or is likely to compete, either directly or indirectly with our principal business.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 31 December 2024, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (according to the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, Supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO); or were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or were required to be notified to the Company and The Hong Kong Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 31 December 2024, so far as the Directors, Supervisors and chief executives of the Company are aware, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests and long/short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of the SFO, to be entered into the register to be kept by the Company referred to therein, or required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder	Nature of Interest	Class of Shares	Number of Shares or underlying Shares interested	Long/Short positions	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital
SDG Group Co.	Beneficial owner	A Shares	1,620,569,251	Long	44.84%	36.23%
	Interest held by controlled corporation ⁽¹⁾	A Shares	406,038,111	Long	11.23%	9.08%
SDG Resources Development	Beneficial owner ⁽²⁾	A Shares	268,372,049	Long	7.42%	6.00%
Schroders PLC	Investment manager	H Shares	94,474,550	Long	11.00%	2.11%
Gold Virtue Limited	Beneficial owner	H Shares	77,118,955	Long	8.98%	1.72%
			11,000,000	Short	1.28%	0.25%
BlackRock, Inc. ⁽³⁾	Interest held by controlled corporation	H Shares	51,511,223	Long	6.00%	1.15%
			7,315,000	Short	0.85%	0.16%

REPORT OF THE DIRECTORS

Notes:

- (1) These 406,038,111 A Shares comprise 268,372,049 A Shares held by SDG Resources Development, 102,941,860 A Shares held by Shandong Gold Non-ferrous Metal Mine Group Co., Ltd. ("**SDG Non-ferrous**"), 31,467,157 A Shares held by Shandong Gold Group Qingdao Gold Co., Ltd. ("**Qingdao Gold**") and 3,257,045 A Shares held by SDG (Beijing) Industry Investment Co., Ltd. ("**Beijing Industry Investment**"). Each of SDG Resources Development, SDG Non-ferrous, Qingdao Gold and Beijing Industry Investment is wholly-owned by SDG Group Co.. SDG Group Co. holds 100% equity interest of SDG Non-ferrous. As such, SDG Group Co. is deemed to be interested in the Shares held by SDG Resources Development, SDG Non-ferrous, Qingdao Gold and Beijing Industry Investment for the purpose of the SFO.
- (2) SDG Resources Development is wholly-owned by SDG Group Co., and therefore, SDG Group Co. is deemed to be interested in all the Shares held by SDG Resources Development for the purpose of the SFO.
- (3) BlackRock, Inc. is deemed to hold a total of long position of 51,511,223 H Shares and a short position of 7,315,000 H Shares due to its control rights over a number of corporations. BlackRock Finance, Inc., Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.à r.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.à r.l., BlackRock Investment Management Ireland Holdings Unlimited Company, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock (Singapore) Limited, BlackRock UK Holdco Limited, BlackRock Asset Management Schweiz AG, EG Holdings Blocker, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC and Aperio Group, LLC, being the controlled corporations, hold directly or indirectly H Shares.

Save as disclosed above, as at 31 December 2024, the Directors, Supervisors and chief executives of the Company are not aware of any person (who were not Directors, Supervisors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in 5% or more of the nominal value of any class of the share capital carrying the rights to vote in all circumstances at general meetings of the Company, or had an interest or short position which would be required to be entered into the register to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in "Connected transactions" of this annual report, there were no transactions, arrangements or contracts or agreements of providing services of significance related to the Group's business to which the Company, its subsidiary, its controlling company or subsidiaries of its controlling company was a party to and in which a Director or Supervisor of the Company or an entity connected with such Director or Supervisor had a material interest, either directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in "Connected transactions" of this annual report, no controlling Shareholder or its subsidiary had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2024.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors and the Supervisors, the Company has not entered into any contract with any individual, firm or body corporate to undertake management or administration of the whole or any substantial part of any business of the Company during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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.

For details of the Corporate Governance Report, please refer to pages 84 to 105 of this annual report.

STAFF OF THE GROUP

As of 31 December 2024, the Group had a total of 17,439 full-time employees (31 December 2023: 17,602 employees). For the year ended 31 December 2024, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB6.078 billion (2023: RMB5.261 billion).

The Group ensured that the remuneration packages of employees remain competitive and the remuneration level of its employees was determined on the basis of performance with reference to the profitability of the Group, industry remuneration standards and market conditions within the general framework of the Group's remuneration system.

The following are the status, professional structure and education level of the staff in the Group:

Staff

The number of current staff of the parent company	3,025
The number of current staff of the major subsidiaries	14,414
Total number of current staff	17,439
The number of retired employees that parent company and the major subsidiaries are responsible for the retirement expenses	3

REPORT OF THE DIRECTORS

Professional Structure

Structure Classification	Number of Staff
Production	11,848
Sales	116
Technical	2,758
Finance	281
Administration	2,436
Total	17,439

Education

Structure Classification	Number of Staff
Master's degree and above	781
Bachelor's degree	4,994
Tertiary education	4,063
Technical secondary school, high school and below	7,601
Total	17,439

TRAINING PROGRAMMES

In 2024, adhere to the key task of the year on the Company's strategic plan, the Company has made plans based on an extensive research on training needs, with targets to strengthen weaknesses, improve capability and enhance efficiency of its employees. The Company's internal training covered "three teams" including operation management personnel, professional technical personnels and technicians. Training for operation management personnels was based on the guiding principles of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the 20th National Congress of the CPC. The Group aimed at enhancing its strategic planning and creativity through focusing on corporate governance, capital operations, compliance management, high-quality development, basic management, first-class mine construction etc. Trainings for professional technical personnels focused on providing updates on current knowledge and creative enhancement. New trainings on geology, survey, mining, processing, smelting, machinery, electric, safety, construction and others were provided with focus on enhancing capabilities in profession, implementation and creativity. With a focus on the skill training of the unique types of work in mines and by way of skill assessment and skill competitions, the training of skilled personnel highlights the standardization of practical operation and continuously improves the ability and quality of skilled personnel.

REPORT OF THE DIRECTORS

OUTSOURCING STATUS

Total working hours of outsourcing services	20,132,042 hours
Total outsourcing payment	RMB1,126,850,000

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares, if any).

The Company did not hold any treasury Shares as at the end of 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 2024 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 2024 are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

ISSUANCE AND LISTING OF SECURITIES

Changes in total number of ordinary Shares, shareholding structure and the structure of assets and liabilities of the Company

For details of the changes in the Company's assets and liabilities structure, please refer to the "Management Discussion and Analysis" of this annual report.

REPORT OF THE DIRECTORS

INFORMATION OF CORPORATE BONDS

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

Overview of corporate bonds

Unit: RMB100 million

Name of Bonds	Abbreviation	Code	Date of Issuance	Date of Initial Interest Accrued	The Latest Putback Date After 30 April 2025	Date of Maturity	Outstanding Balance of Bonds	Coupon Rate (%)	Payment of Principal and Interest	Place of Trading	Lead Underwriter	Trustee	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
The 2024 Public Issuance of Technology Innovation Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) (Type 2)	24 Lujin K4	241625	2024/09/10	2024/09/12	-	2034/09/12	10	2.50	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd.	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No
The 2024 Public Issuance of Technology Innovation Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) (Type 1)	24 Lujin K3	241624	2024/09/10	2024/09/12	-	2027/09/12	10	2.12	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd.	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No

REPORT OF THE DIRECTORS

Name of Bonds	Abbreviation	Code	Date of Issuance	Date of Initial Interest Accrued	The Latest Putback Date After 30 April 2025	Date of Maturity	Outstanding Balance of Bonds	Coupon Rate (%)	Payment of Principal and Interest	Place of Trading	Lead Underwriter	Trustee	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
The 2024 Public Issuance of Technology Innovation Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) (Type 1)	24 Lujin K1	240785	2024/03/25	2024/03/27	-	2029/03/27	20	2.80	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd., institutional investors	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 First Tranche) (See Note 1 for details)	Lujin KY01	240285	2023/11/15	2023/11/17	-	2026/11/17	20	3.19	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd., institutional investors	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	2023/11/23	2023/11/27	-	2026/11/27	20	3.22	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd., institutional investors	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.

REPORT OF THE DIRECTORS

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

Name of Bonds	Description of Interest Payment Status
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche)	The Company paid interest on 27 November 2024 for the period from 27 November 2023 to 26 November 2024. For details, please refer to the “2024 Interest Payment Announcement of the 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche)” disclosed on the website of the Shanghai Stock Exchange (http://www.sse.com.cn)
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche)	The Company paid interest on 18 November 2024 for the period from 17 November 2023 to 16 November 2024. For details, please refer to the “2024 Interest Payment Announcement of the 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche)” disclosed on the website of the Shanghai Stock Exchange (http://www.sse.com.cn)

Change, variation and implementation of guarantees, debt repayment plans and other debt repayment safeguards during the Reporting Period and their impact

Current status	Execution	Whether there is any change	Status upon change	Reason for the change	Whether the change has been approved by the competent authority	Impact of the change on the rights and interests of bond investors
“Lujin KY01” (See Note 1 for details)	Normal	No	N/A	N/A	No	N/A
“Lujin KY02” (See Note 2 for details)	Normal	No	N/A	N/A	No	N/A
“24 Lujin K1”	Normal	No	N/A	N/A	No	N/A
“24 Lujin K3”	Normal	No	N/A	N/A	No	N/A
“24 Lujin K4”	Normal	No	N/A	N/A	No	N/A

REPORT OF THE DIRECTORS

Note 1: “Lujin KY01” is not guaranteed. Each repricing term of the bonds shall be 3 interest accruing years. At the end of each repricing term, the issuer is entitled to renew the bonds for an additional term (i.e. 3 years), or repay and redeem the bonds in full as they fall due at the end of the term. There is no limit on the number of times the issuer’s renewal option can be exercised. The bonds have an issuer option to defer interest payments, unless mandatory interest payments events have been triggered, at each interest payment date of the bonds, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments or accreted interest thereon in accordance with this clause, to the next payment date, without being subject to any limitation with respect to the number of deferrals. If in a certain renewal option exercise year of the bonds, the issuer chooses to repay and redeem the bonds in full, the interest payment date in that interest accrual year shall be the redemption date of the bonds.

Note 2: “Lujin KY02” is not guaranteed. Each repricing term of the bonds shall be 3 interest accruing years. At the end of each repricing term, the issuer is entitled to renew the bonds for an additional term (i.e. 3 years), or repay and redeem the bonds in full as they fall due at the end of the term. There is no limit on the number of times the issuer’s renewal option can be exercised. The bonds have an issuer option to defer interest payments, unless mandatory interest payments events have been triggered, at each interest payment date of the bonds, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments or accreted interest thereon in accordance with this clause, to the next payment date, without being subject to any limitation with respect to the number of deferrals. If in a certain renewal option exercise year of the bonds, the issuer chooses to repay and redeem the bonds in full, the interest payment date in that interest accrual year shall be the redemption date of the bonds.

Particulars of debt financing instruments of non-financial enterprises

Unit: RMB100 million

Name of Bonds	Abbreviation	Code	Date of			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
			Date of Issuance	Interest Accrued	Date of Maturity							
The 2024 First Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	24 Lujin SCP001 (Technology Innovation Instrument)	012480461	1 February 2024	2 February 2024	25 October 2024	7.00	2.24%	Principal and interest to be repaid at maturity, which were due and paid	Inter-bank	Institutional investors in the national inter-bank bond market	Circulation and transfer in the national inter-bank bond market	No
The 2024 Second Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	24 Lujin SCP002 (Technology Innovation Instrument)	012480606	26 February 2024	27 February 2024	22 November 2024	10.00	2.06%	Principal and interest to be repaid at maturity, which were due and paid	Inter-bank	Institutional investors in the national inter-bank bond market	Circulation and transfer in the national inter-bank bond market	No

REPORT OF THE DIRECTORS

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

Name of Bonds	Description of Interest Payment Status
The 2023 First Tranche of Ultra Short-Term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	The Company paid the principal and interest on 26 January 2024 for the period from 31 May 2023 to 26 January 2024. For details, please refer to the “Announcement on Arrangements for Payment for 2023 First Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd.” published on the China Currency Website (www.chinamoney.com.cn) on 18 January 2024
The 2023 Second Tranche of Ultra Short-Term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	The Company paid the principal and interest on 2 February 2024 for the period from 1 June 2023 to 2 February 2024. For details, please refer to the “Announcement on Arrangements for Payment for 2023 Second Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd.” published on the China Currency Website (www.chinamoney.com.cn) on 18 January 2024
The 2024 First Tranche of Ultra Short-Term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	The Company paid the principal and interest on 25 October 2024 for the period from 2 February 2024 to 25 October 2024. For details, please refer to the “Announcement on Arrangements for Payment for 2024 First Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd.” published on the China Currency Website (www.chinamoney.com.cn) on 10 October 2024
The 2024 Second Tranche of Ultra Short-Term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	The Company paid the principal and interest on 22 November 2024 for the period from 27 February 2024 to 26 November 2024. For details, please refer to the “Announcement on Arrangements for Payment for 2024 Second Tranche of Ultra Short-term Financing Bonds of Shandong Gold Mining Co., Ltd.” published on the China Currency Website (www.chinamoney.com.cn) on 14 November 2024

REPORT OF THE DIRECTORS

Implementation and change of guarantees, debt repayment plans and other debt repayment safeguards during the Reporting Period and their impact

Current status	Execution	Whether there is any change	Status upon change	Reason for the change	Whether the change has been approved by the competent authority	Impact of the change on the rights and interests of bond investors
"24 Lujin SCP001 (Technology Innovation Instrument)" See Note 1 for details	Normal	No	N/A	N/A	No	N/A
"24 Lujin SCP002 (Technology Innovation Instrument)" See Note 2 for details	Normal	No	N/A	N/A	No	N/A

Note 1: "24 Lujin SCP001 (Technology Innovation Instrument)" is not guaranteed. The ultra short-term financing bonds are due for repayment of principal and payment of interest in one lump sum, and the principal and interest payment date of such bonds is 25 October 2024 (in the event of a statutory holiday or rest day, the payment date will be postponed to the first business day thereafter, and no interest will be accrued during the postponed period). The bonds have been paid as scheduled.

Note 2: "24 Lujin SCP002 (Technology Innovation Instrument)" is not guaranteed. The ultra short-term financing bonds are due for repayment of principal and payment of interest in one lump sum, and the principal and interest payment date of such bonds is 22 November 2024 (in the event of a statutory holiday or rest day, the payment date will be postponed to the first business day thereafter, and no interest will be accrued during the postponed period). The bonds have been paid as scheduled.

SHARE SCHEME

During the Reporting Period, the Company has no share scheme.

PRE-EMPTIVE RIGHTS

According to the Articles of Association and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new Shares to its existing Shareholders in proportion to their shareholdings.

DEBENTURES

Details of debenture are set out in note 32 and note 29 to the consolidated financial statements of this annual report.

RETAINED PROFITS

As at 31 December 2024, details of the Group's retained profits are set out in the consolidated statement of changes in equity on pages 117 to 119 of this annual report.

CONTINGENCIES

Details of contingent liabilities are set out in note 41 to the consolidated financial statements of this annual report.

REPORT OF THE DIRECTORS

TAXATIONS

Details of the Group's taxation are set out in note 10 to the consolidated financial statements of this annual report.

DIVIDEND POLICY

Pursuant to the Articles of Association, the Company shall distribute cash dividends at least once in any consecutive three years. The total amount of the cash dividend distributed in the most recent three years shall be at least 30% of the average annual distributable profits of the Company in the same period. The Company may distribute the cash dividend provided that there are no expected significant investment plans or significant cash expenditures in the following twelve months (excluding fund-raising projects). Upon satisfaction of the cash dividend payout ratios, we may distribute stock dividends if our operating revenue and net profit increase rapidly and our Directors consider that our equity scale and shareholding structure are reasonable. In addition, we may declare interim dividends based on our financial performance and working capital requirements.

RESULTS AND DIVIDENDS DISTRIBUTION

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 113 to 114 of this annual report.

A payment of cash dividend of RMB1.48 per 10 Share (tax inclusive) is proposed to be paid to all Shareholders. As of the date of this annual report, the Company has a total share capital of 4,473,429,525 Shares, based on which the cash dividend proposed to be paid is approximately RMB662,067,569.70 (tax inclusive). 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. In addition, a dividend of RMB0.8 per 10 Shares (tax inclusive) has been distributed in the 2024 interim, and the cumulative dividend for the whole year of 2024 is RMB2.28 per 10 Shares (tax inclusive). The specific arrangements regarding the final dividend and its distribution and the timing 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 15 August 2025.

As at the date of this annual report, the Company is not aware of any arrangement whereby any Shareholder has waived or agreed to waive any dividend.

TAXATION

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

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

REPORT OF THE DIRECTORS

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

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

PROFIT DISTRIBUTION TO INVESTORS OF NORTHBOUND TRADING

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

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

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

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

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

REPORT OF THE DIRECTORS

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Hong Kong Listing Rules.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Save as disclosed elsewhere of this annual report, the Company also had the following events during 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 A Shares to target subscribers, in order to ensure the smooth progress of the relevant work. The Company convened the 62nd meeting of the sixth session of the Board and the 37th meeting of the sixth session of the Supervisory Committee on 9 July 2024, 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, which proposed to extend the validity period of the Shareholders' resolution in relation to the issuance of A Shares to target subscribers to 29 July 2025. The Company convened the 62nd meeting of the sixth session of the Board and the 37th meeting of the sixth session of the Supervisory Committee on 9 July 2024, 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 2025. The relevant resolutions were considered and approved at the 2024 fourth extraordinary general meeting, the 2024 second A Shares class meeting and the 2024 second H Shares class meeting of the Company held on 29 July 2024. For details, please refer to the Company's announcement dated 29 July 2024 and the Company's circular dated 12 July 2024 published on the website of the Hong Kong Stock Exchange.

REPORT OF THE DIRECTORS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 28 November 2024, the Company made amendments to the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee of the Company in accordance with the relevant provisions of laws, regulations and normative documents including the Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, and taking into account the actual situation of the Company. The relevant resolutions were considered and approved at the 2025 first extraordinary general meeting of the Company held on 14 January 2025. For details, please refer to the Company's announcement dated 14 January 2025 and the Company's circular dated 24 December 2024 published on the website of the Hong Kong Stock Exchange.

The other sections, reports or notes of this annual report mentioned above constitute a part of the report of the Directors.

By order of the Board of Directors

Li Hang

Chairman

Jinan, the PRC

27 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

In 2024, the Supervisory Committee strictly complied with the relevant provisions and requirements of the PRC Company Law, the Articles of Association and the Rules of Procedure of the Supervisory Committee, earnestly performed its supervisory duties, kept abreast of and grasped the Company's production and operation conditions. The Supervisory Committee focused on risk prevention and control, sturdily conducted supervision and inspections over corporate governance, compliant operations, financial supervision, use of proceeds, related party transactions, internal control, and the performance of the Directors and senior management. The main work report in 2024 is as follows:

I. BASIC INFORMATION OF THE SUPERVISORY COMMITTEE

The Sixth Session of the Supervisory Committee is composed of three Supervisors, namely Mr. Li Xiaoping (Chairman of the Supervisory Committee), Mr. Luan Bo (Supervisor), and Ms. Liu Yanfen (Employee Supervisor).

II. MEETINGS OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee held a total of 10 meetings (namely the 33rd to the 42nd Meetings of the Sixth Session of the Supervisory Committee), considered and approved 29 resolutions, all of which were passed unanimously. The notice, convening and voting procedures of the meetings complied with the requirements of various laws, regulations and regulatory authorities such as the PRC Company Law, the Articles of Association, and the Rules of Procedure of the Supervisory Committee. The details of the meetings and considered matters are as follows:

Meeting Date	Meeting Name	Content of Resolutions
26 January 2024	the 33rd meeting of the Sixth Session of the Supervisory Committee	<ol style="list-style-type: none"> Resolution on the Acquisition of the Xiling Gold Mine Exploration Right by the Company and the Connected Transaction Resolution on the Amendments to the Articles of Association
28 March 2024	the 34th meeting of the Sixth Session of the Supervisory Committee	<ol style="list-style-type: none"> Company's 2023 Work Report of the Committee 2023 Final Financial Report of the Company 2024 Financial Budget Report of the Company Company's Annual Report and its Summary for 2023 Company's Plan of Profit Distribution for 2023 Resolution Regarding the Provision for Impairment of Assets by the Company for 2023 Resolution on Company's Re-appointment of Auditors for 2024 Resolution Regarding the Company's 2023 Appraisal Report on Internal Control Resolution Regarding the Company's 2023 Environmental, Social and Governance (ESG) and Social Responsibility Report Resolution Regarding the Special Report on Saving and Actual Use of Proceeds of the Company for 2023 Resolution on Changes to the Company's Accounting Policies Report on the Company's Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd.

REPORT OF THE SUPERVISORY COMMITTEE

Meeting Date	Meeting Name	Content of Resolutions
9 April 2024	the 35th meeting of the Sixth Session of the Supervisory Committee	1. Resolution on the Special Report on the Use of Previous Proceeds by the Company
26 April 2024	the 36th meeting of the Sixth Session of the Supervisory Committee	1. First Quarterly Report of the Company for 2024
9 July 2024	the 37th meeting of the Sixth Session of the Supervisory Committee	<ol style="list-style-type: none"> 1. 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 2. 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
28 August 2024	the 38th meeting of the Sixth Session of the Supervisory Committee	<ol style="list-style-type: none"> 1. Half-year Report and its Summary for 2024 2. Resolution on Half-year Profit Distribution Plan for 2024 and Carrying Out the Action of Improving Quality, Increasing Efficiency and Enhancing Returns of the Company 3. Resolution Regarding the Half-year Special Report on Saving and Use of Proceeds for 2024 of the Company 4. Report on the Company's Continuous Risk Assessment of Shandong Gold Group Finance Co., Ltd. 5. Resolution Regarding the Adjustment of the Caps for Normal Connected Transactions by the Company for 2024
20 September 2024	the 39th meeting of the Sixth Session of the Supervisory Committee	<ol style="list-style-type: none"> 1. Resolution Regarding the Entering into of Financial Services Framework Agreement with Shandong Gold Group Finance Co., Ltd. 2. Risk Assessment Report on Shandong Gold Group Finance Co., Ltd. 3. Risk Management Proposal for Handling Deposit Business between the Company and Shandong Gold Group Finance Co., Ltd.
28 October 2024	the 40th meeting of the Sixth Session of the Supervisory Committee	1. Third Quarterly Report of the Company for 2024
28 November 2024	the 41st meeting of the Sixth Session of the Supervisory Committee	1. Resolution Regarding the Amendment of the Rules of Procedure for the Supervisory Committee
19 December 2024	the 42nd meeting of the Sixth Session of the Supervisory Committee	1. Resolution Regarding Utilizing the Unused Proceeds to Temporarily Replenish the Working Capital

REPORT OF THE SUPERVISORY COMMITTEE

III. OVERSIGHT ACTIVITIES OF THE SUPERVISORY COMMITTEE

(I) Compliant operation of the Company

During the Reporting Period, the Supervisory Committee attended all the Board meetings in 2024 and all the general meetings in strict compliance with the duties and powers conferred by the PRC Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee and other laws and regulations. It carried out strict supervision over the convening procedures of the Shareholders' general meetings and the Board, the resolutions adopted, as well as the performance of duties by Directors and senior management. The Supervisory Committee believes that the Company has earnestly complied with relevant laws, regulations, and regulatory requirements and carried out all its work in accordance with the law. During the Reporting Period, the meeting procedures, voting methods, and resolutions of the Company's general meetings and the Board were legal and valid; the external information disclosures were timely, accurate, and complete. The Directors and senior management have been able to perform their duties faithfully and diligently in accordance with relevant regulations. No violations of laws, regulations, the Articles of Association, or actions detrimental to the interests of the Company and its Shareholders were identified during the performance of their duties by Directors and senior management.

(II) Inspection of the Company's financial position

The Supervisory Committee conducted supervisory inspections on the implementation of the Company's financial system, financial management work, and financial statements for 2024. The Supervisory Committee believes that during the Reporting Period, the Company's financial system is sound and perfect, and its financial system operation is in good condition. The Company strictly implemented enterprise accounting systems, accounting standards and other relevant financial regulations. The audit report with standard unqualified opinion for 2024 issued by ShineWing Certified Public Accountants (Special General Partnership) gave an objective and fair view of the financial position and operating results of the Company. In 2024, the preparation and consideration procedures of the Company's periodic reports also complied with the laws and regulations, the Articles of Association and the Company's internal management system. The Supervisory Committee strictly fulfilled its supervisory functions in respect of the preparation and consideration of the Company's periodic reports, and no violations were found.

(III) The use of proceeds

During the Reporting Period, the Supervisory Committee supervised the saving and use of proceeds of the Company, and reviewed and approved the Resolution Regarding the Special Report on Saving and Actual Use of Proceeds of the Company for 2023, the Resolution on the Special Report on the Use of Previous Proceeds by the Company, the Resolution Regarding the Half-year Special Report on Saving and Use of Proceeds for 2024 of the Company and the Resolution Regarding Utilizing the Unused Proceeds to Temporarily Replenish the Working Capital. The Supervisory Committee believes that the saving and actual use of proceeds of the Company comply with the relevant laws and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange in relation to the saving and use of proceeds, and there is no violation of relevant laws and regulations in the saving or use of proceeds.

REPORT OF THE SUPERVISORY COMMITTEE

(IV) Connected transactions of the Company

In 2024, the Supervisory Committee supervised and verified the connected transactions conducted during the Reporting Period, reviewed resolutions including the Resolution on the Acquisition of the Xiling Gold Mine Exploration Right by the Company and the Connected Transaction, the Resolution Regarding the Adjustment of the Caps for Normal Connected Transactions by the Company in 2024, and the Resolution Regarding the Entering into of Financial Services Framework Agreement with Shandong Gold Group Finance Co., Ltd.. The Supervisory Committee believes that the transactions between the Company and the related parties were priced in accordance with fair market principles, in strict compliance with the principles of fairness, impartiality and openness, in fulfilment of the statutory decision-making procedures, in compliance with the Hong Kong Listing Rules, and in compliance with the norms and transparency of information disclosure. No prejudice to the interests of the Company has been found.

(V) Opinions on the internal control evaluation report

During the Reporting Period, the Supervisory Committee continuously strengthened the supervision and evaluation of internal controls, monitored the establishment and implementation of internal control by the Board, gave full play to the role of internal audit in detecting errors and correcting malpractices, and continuously enhanced the effectiveness of internal controls. The Supervisory Committee believes that the Company has followed the basic principles of internal control, and in combination with its actual situation, established an internal control system that can effectively cover all its financial and operational management activities. The internal control organization was set up completely and scientifically with a sound and effective internal control system. After reviewing the Evaluation Report on Internal Control for 2023, the Supervisory Committee believes that the report objectively, truly, and accurately reflects the actual situation of the Company's internal control system.

(VI) Opinions on the implementation of the profit distribution policy by the Board of Directors

During the Reporting Period, the Supervisory Committee reviewed and approved the Company's Plan of Profit Distribution for 2023, and the Resolution on Half-year Profit Distribution Plan for 2024 and Carrying Out the Action of Improving Quality, Increasing Efficiency and Enhancing Returns of the Company. After the above-mentioned plan of profit distribution was approved at the Shareholders' general meeting, the Supervisory Committee supervised the Company's profit distribution for 2023 and half-year of 2024, and the Company completed the profit distribution within the specified time in strict accordance with the plan of profit distribution. The profit distribution policy formulated by the Company fully embodies the principle of reasonable return to Shareholders and is conducive to the healthy, stable and sustainable development of the Company.

(VII) Opinions on the 2023 Environmental, Social and Governance (ESG) and Social Responsibility Report

In 2024, the Supervisory Committee reviewed and approved the Resolution Regarding the Company's 2023 Environmental, Social and Governance (ESG) and Social Responsibility Report. The Supervisory Committee believes that the Company's 2023 Environmental, Social and Governance (ESG) and Social Responsibility Report adheres to the principles of prudence, stability, and highlighting key points, strictly follows regulatory rules, actively responds to the key concerns of stakeholders such as investors and regulatory authorities, and continuously improves the disclosure in combination with the Company's actual situation, comprehensively reflecting the new achievements made by the Company in various aspects such as environmental protection, social contributions, and corporate governance.

REPORT OF THE SUPERVISORY COMMITTEE

(VIII) Opinions on the issuance of A Shares to target subscribers

In 2024, the Supervisory Committee reviewed 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 and 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. The Supervisory Committee conducted a careful review and cautious demonstration based on the actual situation of the fund-raising projects and the review requirements of the regulatory authorities. The above-mentioned extension resolutions are conducive to ensuring the smooth progress of the Company's non-public issuance of shares project and broadening the Company's financing channels.

In 2025, the Supervisory Committee will continue to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the decisions and deployments of the Party Central Committee, and provincial Party committee/government, strictly abide by the PRC Company Law, the Articles of Association, and relevant regulations, focus on key points, diligently perform duties, actively safeguard the legitimate rights and interests of the Company, Shareholders, employees, and other stakeholders, and promote the high-quality development of the Company through high-quality supervision.

**Shandong Gold Mining Co., Ltd.
Supervisory Committee**

27 March 2025

CORPORATE GOVERNANCE REPORT

OVERVIEW

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 laws and regulations.

The development concept of the Company is “Safe Shandong Gold, Ecological Shandong Gold, Vibrant Shandong Gold and Humanistic Shandong Gold”. The Company’s enterprise spirit is the pursuit of excellence, innovation, and entrepreneurship. The Company’s brand image is “Shandong Gold, Ecological Mining”. The Company’s core values are openness, inclusivity, loyalty and responsibility. The Company’s strategic vision is to become a world first-class sustainable gold mining enterprise with excellent technology and management. The Company’s tenet is benefiting employees, repaying Shareholders, benefiting society and contributing to a powerful country. The Company’s cooperation philosophy is respect, integration, mutual benefit and sharing. The Company’s management philosophy is resource focused, benefit first, innovation centered. The Company’s safety & environmental protection philosophy is “Zero accident” in both safety and environmental protection. The Company’s talent philosophy is to select capable and high-caliber talents with both moral integrity and professional competence. The Company’s party building philosophy is sticking to our revolutionary heritage, keeping in mind our original aspiration and missions. The Company’s philosophy of integrity is honesty, simplicity, and integrity. The Company’s care philosophy is “Three Yeses” and “Three Nos” commitment.

This corporate governance report is presented for the Reporting Period.

The Company is committed to the maintenance of good corporate governance practices, with reference to the CG Code. The Board is of the opinion that the Company had complied with all applicable code provisions as set out in Part 2 of the CG Code during the Reporting Period.

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.

BOARD COMPOSITION AND PRACTICE

As at the date of this annual report, the Board comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

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. The biographical details of each Director are set out in the section headed “Brief Biographies of Directors, Supervisors and Senior Management” of this annual report. To the best of the Board’s knowledge, there is no relationship among the members of the Board.

During the Reporting Period, the Board at all times has met the requirement of Rules 3.10 and 3.10A of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Nomination Committee has assessed their independence based on the guidelines in accordance with Rule 3.13 of the Hong Kong Listing Rules, and the Company considered them to be independent.

CORPORATE GOVERNANCE REPORT

Led by the chairman of the Board, the Board is responsible for resolving on the Company's business plans and investment plans, preparing the annual financial budgets and final financial plans of the Company, preparing the profit distribution plan and loss make-up plan of the Company, formulating plans for material acquisitions, purchase of Shares of the Company, merger, division, dissolution or transformation of the Company, listening to work reports of the general manager, reviewing his/her work and convening general meetings, reporting to general meetings and implementing resolutions of general meeting. The chairman has delegated the secretary to the Board to draft the agenda of each Board meeting. With the assistance of executive Directors, the secretary to the Board and the company secretary, the chairman will ensure that all Directors will be provided with sufficient and reliable information in a timely manner to enable them to make necessary analysis according to their business expertise.

As the chairman of the Company, Mr. Li Hang is mainly responsible for the overall and strategic development, investment planning and human resources allocation and delegates the daily operation management to the relevant managers. Executive Directors and deputy general managers of the Group are responsible for the daily management of various businesses, including executing resolutions of the Board, and are responsible to the general manager for the business operations of the Group.

EXPLANATION ON THE RELEVANT MATTERS OF CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly followed the requirements of the PRC Company Law, the PRC Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Hong Kong Listing Rules and other domestic and foreign laws and regulations, continuously improved the Company's corporate governance structure, regulated the Company's operation and enhanced the Company's corporate governance standard. Currently, the Company has already established a relatively sound corporate governance structure and corporate governance system.

CHAIRMAN AND THE GENERAL MANAGER

During the Reporting Period, the chairman of the Company is Mr. Li Hang and the general manager of the Company is Mr. Liu Qin. The chairman and the general manager are two different positions, and their duties are clearly separated and set out in the Articles of Association. The main duties of the chairman are: to preside over Shareholders' general meetings, and convene and preside over meetings of the Board of Directors; to supervise and check the implementation of resolutions passed by the Board; to sign the share certificates, corporate bonds and other securities issued by the Company; to sign the important documents of the Board and other documents which shall be signed by the legal representative of the Company; to exercise the rights of the legal representative, in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the Company's board of directors and shareholders' general meeting afterwards; and to exercise other powers conferred by the Board. The principal duties of general manager are: to manage the production, operation and administration of the Company and report to the Board; to arrange for the implementation of the resolutions of the Board, the Company's annual operation plans and investment proposals; to formulate proposals for the establishment of the Company's internal management organs; to formulate the fundamental management systems of the Company; to formulate the Company's specific rules and regulations; to recommend the appointment or dismissal of any deputy general manager and any financial officer of the Company by the Board; to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board); and to exercise any other authority granted by the Articles of Association or the Board.

DIRECTORS AND THE BOARD

As at the date of this annual report, the Board consists of 8 Directors, in which there are 3 independent non-executive Directors. The number and the composition of the Board comply with the provisions of the relevant laws and regulations. The composition of professions of the members of the Board is reasonable. The members of the Board possess the necessary knowledge, skills and competence to discharge their duties. The Directors timely attended the Shareholders' general meeting and Board meetings, discharged their duties conscientiously, faithfully and diligently, proactively participated in the business trainings. They are familiar with the relevant laws and regulations and have clear sense of the rights, obligations and responsibilities as a Director. There are four specialized committees under the Board including the Remuneration and Appraisal Committee, the Strategy Committee, the Audit Committee and the Nomination Committee to further enhance the decision-making mechanism of the Board.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for formulating the policies for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To formulate and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of the Directors and senior management;
- (iii) To review and monitor the Group's policies and practices on the compliance with all legal and regulatory requirements (where applicable);
- (iv) To formulate, review and monitor the code of conduct and compliance manual (if any) applicable to the employees of the Group and the Directors; and
- (v) To review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

During the year ended 31 December 2024, the Board has performed the functions set out in code provision A.2.1 of the CG Code.

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis;
2. A written confirmation was received by the Company from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent;
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates;
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually; and
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

CORPORATE GOVERNANCE REPORT

ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND SHAREHOLDERS' GENERAL MEETINGS

The Board convened 16 Board meetings, and 11 Shareholders' general meetings (including 2023 annual general meeting and 4 class meetings) during the Reporting Period. The attendance of the Directors at the meetings was as follows:

Name of Director	Independent Director	No. of Board meetings ought to be attended this year	Attendance of the Board meetings				Absent	Attendance of Shareholders' general meetings
			Attended in person	Attended via telecommunication	Attended by proxy	No. of Shareholders' general meetings attended		
Li Hang	No	16	5	11	0	0	11	
Wang Xiaoling	No	16	5	11	0	0	2	
Liu Qin	No	16	5	11	0	0	11	
Wang Shuhai	No	16	5	11	0	0	6	
Tang Qi	No	16	5	11	0	0	11	
Wang Yunmin	Yes	16	2	14	0	0	8	
Liew Fui Kiang	Yes	16	2	14	0	0	1	
Zhao Feng	Yes	16	2	14	0	0	7	

Note: Mr. Wang Lijun, a non-executive Director, did not attend the Board meetings, meetings of specialized committees and Shareholders' general meetings during the Reporting Period due to his resignation on 12 January 2024.

Number of Board meetings held this year	16
In which: Number of physical meetings	2
Meetings via telecommunication	11
Physical meetings with telecommunication	3

PRACTICES AND CONDUCT OF MEETINGS

Board meetings include regular Board meetings and extraordinary Board meetings. Regular Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of a regular Board meeting shall be given to all Directors and Supervisors at least 14 days in advance. Regular Board meetings shall not be convened by way of correspondence.

An extraordinary Board meeting may be held by request of Shareholders representing more than 10% of the voting rights or by request of more than one-third of Directors, Supervisors or general managers. The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal. The time limit for the delivery of such notice is at least 5 days before the meeting.

For regular Board and committees meetings, all agendas, meeting papers, together with all applicable, complete and reliable statistics will be sent to all the Directors or committees members at least 5 days before a meeting is held.

The Board shall keep minutes of resolutions passed at meetings of the Board. The minutes shall be signed by the Directors present at the meeting. Minutes of the Board meetings shall be kept as the Company's record for a period of 10 years.

CORPORATE GOVERNANCE REPORT

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself or on behalf of another Director.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association, Directors shall be elected or changed by the general meeting and serve a term of 3 years but may serve consecutive terms if re-elected.

Any other appointment, resignation, removal or redesignation of Directors will be timely disclosed to the Shareholders by announcement and shall include in such announcement, the reasons given by the Director for his/her resignation.

Each of the non-executive Directors was engaged on a service contract or letter of appointment for a fixed term, with a term of 3 years.

ANNUAL REMUNERATION OF THE SENIOR MANAGEMENT

Details of the remuneration paid to the senior management of the Group by band (excluding Directors), whose biographies are set out on pages 33 to 39 of this annual report, for the year are set out below:

	No. of individuals
HK\$1 to HK\$500,000	0
HK\$500,001 to HK\$1,000,000	4

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

During the year ended 31 December 2024, the Company totally held 11 general meetings (including 2023 annual general meeting and 4 class meetings). The Company shall convene and hold Shareholders' general meetings in strict compliance with the regulations and requirements of the Articles of Association and the rules of procedures of the general meeting of the Company to ensure that all Shareholders (especially minority Shareholders) can enjoy equal rights and fully exercise their voting rights.

CORPORATE GOVERNANCE REPORT

DETAILS OF THE SHAREHOLDERS' GENERAL MEETINGS

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions	Resolution(s) of the meeting
2024 first extraordinary general meeting	29 January 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	29 January 2024	Reviewed and approved two resolutions including 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. For details, please refer to the announcement of the Company dated 29 January 2024.
2024 first A Shares and H Shares class meetings	29 January 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	29 January 2024	Reviewed and approved four resolutions including 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. For details, please refer to the announcement of the Company dated 29 January 2024.
2024 second extraordinary general meeting	7 March 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	7 March 2024	Reviewed and approved two resolutions including the Resolution on the Acquisition of the Xiling Gold Mine Exploration Right by the Company and the Connected Transaction. For details, please refer to the announcement of the Company dated 7 March 2024.
2024 third extraordinary general meeting	17 April 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	17 April 2024	Reviewed and approved two resolutions including the Resolution on the Conduct of Derivatives Trading Business by Controlled Subsidiaries of Yintai Gold (a controlled subsidiary of the Company). For details, please refer to the announcement of the Company dated 17 April 2024.
2023 annual general meeting	6 June 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	6 June 2024	Reviewed and approved fifteen resolutions including the 2023 Work Report of the Board of Directors. For details, please refer to the announcement of the Company dated 6 June 2024.
2024 fourth extraordinary general meeting	29 July 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	29 July 2024	Reviewed and approved three resolutions including 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. For details, please refer to the announcement of the Company dated 29 July 2024.

CORPORATE GOVERNANCE REPORT

Session of meeting	Convening date	Index of the designated website publishing the resolutions	Date of publishing the resolutions	Resolution(s) of the meeting
2024 second A Shares and H Shares class meetings	29 July 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	29 July 2024	Reviewed and approved four resolutions including 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. For details, please refer to the announcement of the Company dated 29 July 2024.
2024 fifth extraordinary general meeting	18 October 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	18 October 2024	Reviewed and approved two resolutions including the Resolution on Half-year Profit Distribution Plan for 2024 and Carrying Out the Action of Improving Quality, Increasing Efficiency and Enhancing Returns of the Company. For details, please refer to the announcement of the Company dated 18 October 2024.
2024 sixth extraordinary general meeting	21 November 2024	Website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	21 November 2024	Reviewed and approved the Resolution regarding the Guarantee Provided by the Company for the Financing of its Controlling Subsidiary, Cardinal Namdini Mining Limited. For details, please refer to the announcement of the Company dated 21 November 2024.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

The Articles of Association have stipulated the rights and obligations of all Shareholders. Shareholder(s) severally or jointly holding 10% or above Shares shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and requirement in the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. The consent of the relevant Shareholder(s) shall be obtained in the event of any change to the original request set forth in the notice.

When the Company convenes an annual general meeting, an announcement of the meeting shall be given 20 full days before the date of the meeting to notify all of the Shareholders, and when the Company convenes an extraordinary general meeting, an announcement of the meeting shall be given 15 full days before the date of the meeting to notify all of the Shareholders whose names appear in the share register of the matters to be considered and the date and the place of the meeting.

Where the Company convenes a Shareholders' general meeting, Shareholder(s) severally or jointly holding 3% or above of the Shares may make proposals to the Company. Shareholder(s) severally or jointly holding 3% or above Shares may submit written provisional proposals to the convener 10 days before a Shareholders' general meeting is convened.

Voting in a Shareholders' general meeting is by way of poll.

The Group communicates with Shareholders through the issuance of annual reports, interim reports, quarterly reports, press and electronic announcements. All communications with Shareholders are also published on the website of the Group (<http://www.sdhjgf.com.cn>).

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointment of Director(s), each new Director receives an induction package covering business operations, policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he/she is sufficiently aware of his/her responsibilities under the Hong Kong Listing Rules and other relevant regulatory requirements.

The Directors, on an ongoing basis, will receive updates on the relevant laws, rules and regulations. The Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Hong Kong Listing Rules, Hong Kong Companies Ordinance and corporate governance practices so that they can continuously acquire their relevant knowledge and skills. Pursuant to code provision C.1.4 of the CG Code, the Company has also provided reading materials to all the Directors (including Mr. Liu Qin, Mr. Wang Shuhai, Mr. Tang Qi, Mr. Li Hang, Ms. Wang Xiaoling, Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng) to develop and refresh their professional knowledge during the Reporting Period.

NOMINATION COMMITTEE

The Board has established the Nomination Committee. As at the date of this annual report, the Nomination Committee comprises of four Directors, Mr. Liu Qin as an executive Director, Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng as independent non-executive Directors. Mr. Wang Yunmin is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are published on the website of the Company and the Hong Kong Stock Exchange's website.

The primary responsibilities of the Nomination Committee include:

1. to make recommendations to the Board about the size and the composition of the Board according to operating activities, size of assets and shareholding structure of the Company; to review the structure, size, composition and relevant qualifications (including skill, expertise and experience) of the Board at least once annually, make recommendations on any adjustment to the Board pursuant to the development strategy of the Company, and formulate a diversity policy for the Board;
2. to study the selection criteria, procedures and methods of Directors and managers and make recommendations in this regard to the Board;
3. to identify competent candidates for Directors and managers extensively;
4. to make recommendations to the Board on the candidates for Directors and managers, and provide advice to the Board on the appointment or re-appointment of Directors and succession plan for Directors, in particular the chairman of the Board and the general manager;
5. to screen the candidates for other management members and provide advice to the Board; to conduct a review and make recommendations on other senior management members who are subject to appointment by the Board;
6. to evaluate the overall skill, expertise and experience of Directors and senior management and assess the independence of the independent non-executive Directors; and
7. all other matters delegated by the Board.

CORPORATE GOVERNANCE REPORT

Procedure and Basis for Nomination

The Nomination Committee shall formulate selection requirements, procedures and term of office of Directors and management of the Company based on governing laws and regulations and the Articles of Association as well as the Company's actual conditions, and shall formulate resolutions and submit them to the Board for approval and implementation of such resolutions. It was stated in the terms of reference that the Nomination Committee should meet at least twice a year.

The selection process of Directors and managers is as follows:

1. The Nomination Committee should actively communicate with relevant departments and study the Company's demand for Directors and managers, and formulate written materials;
2. The Nomination Committee may search extensively for candidates for Directors and managers from the Company, its holding (associate) enterprises and the market;
3. Gather information about the occupation, academic qualifications, post title, detailed work experience and all the concurrent posts of the candidates and present such information in writing;
4. Seek the nominees' consent for nomination; otherwise, the nominees cannot be the candidates for Directors or managers;
5. Convene a Nomination Committee meeting to review the qualifications of the candidates on the criteria for Directors and managers;
6. Make suggestion to the Board regarding the candidates for Directors and new managers and submit the relevant information to the Board one to two months prior to the election of new Directors and appointment of new managers; and
7. Complete other follow-up work according to the decision and feedback from the Board.

During the Reporting Period, two meetings of the Nomination Committee were held to discuss adjustments to the responsible persons of the Company's subsidiaries and the implementation of open selection for certain positions in the headquarters and the mining management group headquarters. The particulars of the attendance of the members of the Nomination Committee are set forth as follows:

Name of the members of the Nomination Committee	Number of meetings attended/convened
Mr. Wang Yunmin	2/2
Mr. Liu Qin	2/2
Mr. Liew Fui Kiang	2/2
Ms. Zhao Feng	2/2

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, race, language, cultural background, educational background, industry experience and professional experience.

In identifying and selecting suitable candidates to serve as a Director, the Nomination Committee would consider the above criteria necessary to execute the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

The Board composition reflects various cultural and educational backgrounds, professional development, length of service, knowledge of the Company and a broad range of individual attributes, interests and values. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board will continue to review its composition from time to time, taking into consideration specific needs for the Group’s business.

As at the date of this annual report, the Board has two female Directors, representing 25% of the Board. The Board targets to maintain at least one female representation. When appointing new Directors, the Board will fully consider the gender ratio of existing Directors and strive to increase the proportion of female members over time as and when suitable candidates are identified.

The Nomination Committee will review the implementation of the Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board’s review and approval to ensure its continued appropriateness and effectiveness. During the year, the Board and the Nomination Committee had reviewed the implementation and effectiveness of the Diversity Policy and were of the view that the Diversity Policy and its implementation were sufficient and effective.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

CORPORATE GOVERNANCE REPORT

Workforce Diversity

For the year ended 31 December 2024, the gender ratio (male to female) in the workforce (including senior management) of the Company is 14,552:2,887, representing a relatively high proportion of female participation within the mining industry. Although the nature of the Group's business requires high physical strength, resulting in the majority of male employees, the Group is committed to achieving the goal of employee diversity to the greatest extent and takes gender diversity into consideration when recruiting employees. The Company will continue to take measures to promote gender diversity at all levels of the Company, including but not limited to the levels of the Board and senior management, and to establish channels for female senior managers and potential successors to enter the Board.

REMUNERATION AND APPRAISAL COMMITTEE

The Board has established the Remuneration and Appraisal Committee. As at the date of this annual report, the Remuneration and Appraisal Committee comprises of five Directors, Mr. Wang Shuhai and Mr. Tang Qi as executive Directors, and Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng as independent non-executive Directors. Mr. Liew Fui Kiang is the chairman of the Remuneration and Appraisal Committee. The terms of reference of the Remuneration and Appraisal Committee are published on the website of the Company and the Hong Kong Stock Exchange's website.

The primary responsibilities and authorities of the Remuneration and Appraisal Committee include:

1. to make recommendations to the Board on remuneration plans or proposals and establishment of formal and transparent procedures for the formulation of the above remuneration plans or proposals according to the primary scope, responsibilities, importance of the management positions of Directors and senior management members and the remuneration standards of relevant positions in other relevant enterprises;
2. to formulate remuneration plans or proposals include but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;
3. to determine the specific remuneration packages of executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration of non-executive Directors;
4. to review and approve the performance-based remuneration packages by making reference to the corporate objectives approved from time to time by the Board;
5. to review the performance of duties of Directors (non-independent Directors) and senior management of the Company and to conduct annual performance appraisals on them;
6. to examine and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that the compensation conforms to contractual terms or, in case the compensation does not conform to contractual terms, is fair and reasonable and no undue burden is placed on the Company;

CORPORATE GOVERNANCE REPORT

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such compensation arrangements are in accordance with the relevant contractual terms or are otherwise reasonable and appropriate; to ensure that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
8. to supervise the implementation of the Company's remuneration system;
9. to review and/or approve matters related to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
10. to perform other duties as conferred by the laws and regulations, relevant regulatory requirements of the listing place(s) of the Company, such as the Hong Kong Listing Rules, rules of procedure and the Board.

Remuneration policy of Directors

To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that supports the performance culture and enables the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is subject to the Shareholders' approval.

During the Reporting Period, two meetings of the Remuneration and Appraisal Committee were held to discuss the proposal for the payment of remuneration to the senior management for 2023 and the remuneration plan for the senior management for 2024 of the Company and review the implementation and settlement of the Company's total salary budget for 2023 and total salary budget plan for 2024. The particulars of the attendance of the members of the Remuneration and Appraisal Committee are set forth as follows:

Name of the members of the Remuneration and Appraisal Committee	Number of meetings attended/convened
Mr. Liew Fui Kiang	2/2
Mr. Wang Shuhai	2/2
Mr. Tang Qi	2/2
Mr. Wang Yunmin	2/2
Ms. Zhao Feng	2/2

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Board has established the Audit Committee. As of the date of this annual report, the Audit Committee comprises of five Directors, Mr. Li Hang and Ms. Wang Xiaoling as non-executive Directors, and Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng as independent non-executive Directors. Ms. Zhao Feng is the chairman of the Audit Committee. The terms of reference of the Audit Committee are published on the website of the Company and the Hong Kong Stock Exchange's website.

The primary duties of the Audit Committee include:

1. to make proposals to the Board regarding appointment, reappointment and dismissal of external auditors, make recommendations to the Board and approve the remuneration and terms of engagement of the external auditors, and deal with all matters of the resignation or dismissal of external auditors;
2. to review and monitor the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with applicable standards;
3. to formulate and implement policies relating to the engagement of external auditors for non-audit services;
4. to supervise the internal audit system of the Company and its implementation, examine the truthfulness, completeness and accuracy of the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any) of the Company, and review important opinions regarding financial reporting in such statements and reports;
5. to review financial information and its disclosure of the Company;
6. to review the financial control, internal control and risk management systems of the Company and conduct audits on material connected transactions;
7. to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system;
8. to review major investigation findings on risk management and internal control and the management's response to these findings on its own initiative or as delegated by the Board; and
9. to review the financial and accounting policies and practices of the Group.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held seven meetings to discharge its responsibilities and review the Group's annual and interim results, continuing connected transactions, reporting and compliance procedures, reports from the management on the Group's risk management and internal control systems, the effectiveness of the Group's internal control function and procedures and also the re-appointment of the external auditor. The particulars of the attendance of the members of the Audit Committee are set forth as follows:

Name of the members of the Audit Committee	Number of meetings attended/convened
Ms. Zhao Feng	7/7
Mr. Li Hang	7/7
Ms. Wang Xiaoling	7/7
Mr. Wang Yunmin	7/7
Mr. Liew Fui Kiang	7/7

STRATEGY COMMITTEE

The Board has established the Strategy Committee. As at the date of this annual report, the Strategy Committee comprises of four Directors, Mr. Li Hang and Ms. Wang Xiaoling as non-executive Directors, and Mr. Wang Yunmin and Mr. Liew Fui Kiang as independent non-executive Directors. Mr. Li Hang is the chairman of the Strategy Committee. The terms of reference of the Strategy Committee are published on the website of the Company and the Hong Kong Stock Exchange's website.

The primary duties of the Strategy Committee include:

1. to conduct research and make recommendation on strategic planning for long-term development of the Company;
2. to conduct research and make recommendation on significant investment and financing proposals;
3. to conduct research and make recommendation on significant capital operations and asset operation projects;
4. to conduct research and make recommendation on significant matters affecting the development of the Company;
and
5. to perform other responsibilities required by laws, regulations, rules, regulatory documents, the Articles of Association and assigned by the Board.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, two meetings of the Strategy Committee were held to discuss the Company's acquisition of Xiling Gold Mine Exploration Right as well as connected transactions and the Company's strategic objectives in 2024. The particulars of the attendance of the members of Strategy Committee are set forth as follows:

Name of the members of the Strategy Committee	Number of meetings attended/convened
Mr. Li Hang	2/2
Ms. Wang Xiaoling	2/2
Mr. Wang Yunmin	2/2
Mr. Liew Fui Kiang	2/2

SUPERVISORS AND THE SUPERVISORY COMMITTEE

As of the date of this annual report, the Supervisory Committee consists of 3 members, comprising of Mr. Li Xiaoping, Ms. Liu Yanfen and Mr. Luan Bo, including representatives of the Shareholders and an appropriate proportion of representatives of the Company's staff, including 1 employee representative Supervisor, the number and composition of the members of the Supervisory Committee comply with the relevant laws and regulations. According to the authority and responsibility conferred by the Articles of Association, the Supervisory Committee regularly convenes Supervisory Committee meetings, conscientiously discharges its duties so as to be responsible to the Shareholders, supervises and inspects the performance of the Directors and senior management personnel in their performance of their duties and the legality and compliance of the Company's financial issues to fully safeguard the legitimate rights and interests of the Company and the Shareholders.

INTERNAL AUDIT FUNCTION

The Company has an internal audit function. The Audit Committee is responsible for overseeing the internal audit systems. The Audit Committee and the Board review the risk management and internal control systems at least annually, and the Company considers that the systems are effective and adequate.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems have been designed to safeguard the assets of the Group, to assure proper maintenance of accounting records, and to ensure the compliance with the relevant laws and regulations.

The Board's annual review has ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

The Board has overall responsibility for maintaining sound and effective risk management (including environmental, social and governance risks) and internal control systems throughout the Group which include a defined management structure with limits of authority, and are designed to ensure the proper application of accounting standard and the provision of reliable financial data for internal use and for publication, as well as to secure compliance with the relevant laws and regulations. The systems are developed to provide reasonable, but not absolute, assurance against material misstatement or omission and to manage, but not fully eliminate, the risks of operational systems failure and the risks of the Group's failure in meeting the standards. The Board will review the risk management (including environmental, social and governance risks) and internal control systems on an ongoing basis.

CORPORATE GOVERNANCE REPORT

The Audit Committee assists the Board in leading the management and oversight of the design, implementation and monitoring of the risk management and internal control systems. The Board authorized the Audit Committee to supervise the financial reporting system, risk management (including environmental, social and governance risks) and internal control systems of the Company; to review the financial control of the Company and to review the risk management (including environmental, social and governance risks) and internal control systems of the Company on an annual basis; to discuss the risk management and internal control systems with the management and to ensure that the management has performed its duties in establishing effective systems; to consider major investigation findings on risk management and internal control matters and the response of the management on investigation findings on its own initiative or as delegated by the Board. The management has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control.

The Company's procedures for identifying, evaluating and managing major risks include but are not limited to: 1. Identify, analyze and scientifically predict possible risks, focusing on key and difficult issues such as gold prices, production safety and resource reserves, and formulate practical and feasible response plans; 2. In accordance with the principles of concentration and classification, review the implementation and management of major and important risk responses at the beginning of the year for each subsidiary at the end of each quarter, and strengthen risk management and control; 3. Combine comprehensive risk management and special risk management, strengthen risk management of major business matters, and conduct special risk assessments on significant investments, major mergers and acquisitions, etc.; 4. Use internal audit as an important means of risk prevention and control to complete overseas audit, economic responsibility, large fund use and safety special audits and other audit projects with financial audit, engineering audit, mining project acceptance and settlement and other special audits as the focus.

The Company continues to improve the construction of comprehensive risk management and internal control system, clarifying the risk management and internal control responsibilities of the Board of Directors, management, various departments and positions, so as to form a comprehensive, all-staff, whole-process, complete-system, and full-coverage risk management and internal control mechanisms to provide a solid guarantee for the Company's sustainable development.

The Company's procedures for checking the effectiveness of risk management and internal control systems include: formulating an evaluation work plan, establishing an evaluation working group, conducting on-site testing, identifying control deficiencies, summarizing evaluation results, and forming an evaluation report. The Board of Directors of the Company has studied and determined the specific identification of internal control defects applicable to the Company based on the identification requirements of major defects, important defects and general defects in the corporate internal control standard and system, combined with factors such as company size, industry characteristics, risk preference and risk tolerance. The Company promptly adopts response strategies for identified deficiencies to effectively control risks within tolerable limits.

Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's risk management (including environmental, social and governance risks) and internal control systems for the year ended 31 December 2024, covering all material financial, operational and compliance controls, and it has considered the Group's risk management and internal control systems to be effective and adequate. There were no suspected material irregularities found or significant areas of concern identified during the year that might affect the Shareholders.

ShineWing Certified Public Accountants (Special General Partnership) had audited the effectiveness of the Company's internal control system in relation to financial reports and issued a report with unqualified opinions.

CORPORATE GOVERNANCE REPORT

WORK ON INTERNAL CONTROL EVALUATION

Scope of internal control evaluation

The Company followed the risk-oriented principle to determine the major business units, operations, matters and high-risk areas for inclusion into the scope of evaluation.

Major enterprises included in the scope of evaluation were:

Shandong Gold Mining Co., Ltd., Shandong Gold Mining Co., Ltd. Xincheng Gold Mine, Shandong Gold Mining (Laizhou) Co., Ltd., Shandong Gold Mining (Laizhou) Co., Ltd. Sanshandao Gold Mine, Shandong Gold Mining (Laizhou) Co., Ltd. Jiaojia Gold Mine, Shandong Gold Smelting Co., Ltd., Shandong Jinzhou Mining Group Co., Ltd., Shandong Gold Mining (Xinhui) Co., Ltd., Shandong Gold Mining (Linglong) Co., Ltd., Shandong Gold Mining (Yinan) Co., Ltd., Chifeng Chaihulanzi Gold Mining Co., Ltd., Shandong Jinshi Mining Ltd., Shandong Gold Mining (Laixi) Co., Ltd., Xihe Zhongbao Mining Co., Ltd., Fujian Zhenghe Yuanxin Mining Co., Ltd., Shandong Gold Guilaizhuang Mining Co., Ltd., Shandong Gold Group Penglai Mining Co., Ltd., Xinjiang Jinchuan Mining Co., Ltd., SDG Capital Management Co., Ltd, Shenzhen SD Gold Mining Precious Metal Co., Ltd. (深圳市山金礦業貴金屬有限公司), SDG Heavy Industry Co., Ltd. (山金重工有限公司) and Shanjin International Co., Ltd.

Key operations and matters which were included in the scope of evaluation include:

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

High-risk areas which were given special attention include:

Working capital management risk, financing management risk, investment management risk, asset management risk, financial reporting risk, gold transaction risk, procurement management risk, contract management risk, information system risk, etc.

Conclusion on Internal Control Evaluation

According to the 2024 Appraisal Report on Internal Control and based on the identification of major deficiencies in the Company's internal control over financial reporting, as at the reference date of the appraisal report on internal control (i.e. 31 December 2024), there were no major deficiencies in internal control over financial reporting. The Board of Directors believes that the Company has maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the corporate internal control standard and system and relevant regulations. According to the identification of major deficiencies in the Company's internal control over non-financial reporting, the Company found no major deficiencies in internal control over non-financial reporting as at the reference date of the appraisal report on internal control.

INFORMATION DISCLOSURE AND TRANSPARENCY

The Company strictly follows the listing rules of the PRC and Hong Kong, fulfilled information disclosure obligations in accordance with laws and complies with the principles of "fairness, impartiality, openness" to disclose relevant information truthfully, accurately, instantly and completely in a concise, clear and easy-to-understand manner to ensure that all Shareholders have equal access to information. The Company continues to improve the internal major information reporting system and information disclosure responsibility system of "linkages between the upper and lower levels" and comprehensive coverage. The Company aims to enhance transparency, guided by securities regulation and investor demand, constructing a disclosure system that integrates mandatory and voluntary disclosures. This system enriches the content of Company's strategic planning, financial analysis, and operational management information disclosures, centers around regulatory rules and significant company events, as well as regular reporting. During the Reporting Period, the Company completed the preparation and disclosure of 190 A Shares compliance documents including regular reports, temporary announcements and other disclosure documents, and completed the disclosure of 197 various types of H Shares documents. The Company was evaluated and awarded grade A for its information disclosure work on the Shanghai Stock Exchange for the year 2023-2024 for seven consecutive years.

CORPORATE GOVERNANCE REPORT

DISSEMINATION OF INSIDE INFORMATION

The Company strictly complies with the regulations of the Registration System for Persons with Inside Information (《内幕信息知情人登記管理制度》) and other related regulations to standardize the management of inside information, properly protect the confidentiality of inside information and effectively prevent illegal and non-compliant securities activities, such as insider trading. During the Reporting Period, the Directors, Supervisors, senior management of the Company, and other relevant personnel strictly complied with the Registration System for Persons with Inside Information. No instance that any insider was trading the Company's shares with inside information was identified, and there was no case where any insider was investigated or penalized by regulatory authorities for its suspected involvement in insider trading.

The Board is of the view that the Company and its Directors, Supervisors or senior management have not been criticized or punished by the SFC, the Hong Kong Stock Exchange and Shanghai Stock Exchange or other regulatory authorities, and the actual corporate governance structure is in line with the PRC Company Law and relevant requirements of the CSRC.

JOINT COMPANY SECRETARIES

Mr. Tang Qi ("**Mr. Tang**"), the joint company secretary, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Ng Sau Mei ("**Ms. Ng**"), the director of the Listing Services Department of TMF Hong Kong Limited, a company secretarial service provider, as the joint company secretary to assist Mr. Tang in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Mr. Tang.

During the year ended 31 December 2024, Mr. Tang and Ms. Ng have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

INVESTOR RELATIONS

The Board fully recognizes that effective communication with investors is the key to building investors' confidence and attracting new investors.

In order to promote effective communication with the Shareholders, the Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") which is published on the Company's website. According to the Shareholders' Communication Policy, among other things:

- (1) Information shall be disseminated by the Company to the Shareholders and the investors mainly through the publication of interim reports and annual reports, annual general meetings and other general meetings convened, as well as the information disclosed or published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), website of the SSE (<http://www.sse.com.cn/>) or the Company's website (<http://www.sdhjgf.com.cn>).
- (2) General meetings are deemed to be the principal channel of communications between the Company and the Shareholders. The Shareholders are encouraged to participate in the Company's general meetings in person or, where they are unable to attend the meetings, appoint proxies to attend and vote at the meetings for and on their behalf.
- (3) The Company shall facilitate communications with the Shareholders and the investment community by organizing roadshows, investor meetings, investor/analyst presentations, individual meetings and media interviews on a regular basis.

CORPORATE GOVERNANCE REPORT

The Company continues to refine its investor relations management system and earnestly safeguard the legitimate rights and interests of all Shareholders. During the Reporting Period, the Company maintained a high-frequency, in-depth, and multi-dimensional two-way communication through multi-level capital market interactions: it conducted nearly 100 investor exchange activities, reaching over 1,100 market participants including domestic and foreign institutional investors and securities analysts. The Company established a dual-line communication mechanism of “online + offline” to engage in deep dialogues on core issues such as strategic planning, operational updates, financial indicators, and ESG construction. Simultaneously, the Company strengthened the construction of diversified communication channels. It replied to over 300 inquiries from small and medium investors throughout the year relying on a matrix of investor relations platforms including the Shanghai Stock Exchange Roadshow Center, E-interaction platform, dedicated email, and IR hotline. By combining a regular communication mechanism with special communication, the Company has effectively enhanced the capital market’s awareness of the its strategic value, continuously solidified the long-term mechanism of investor relations management, and focused on building a more resilient value transmission system.

In light of the adoption of the Investor Relations Management System and communication channels already in force, and the general meetings, investor exchange meetings and results presentations of the Company held during the year which enabled the Directors to exchange views with the Shareholders and answer their questions, the Board has reviewed and considered that the Shareholder’s Communication Policy has been appropriately implemented and remains effective during the year ended 31 December 2024.

INQUIRY TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests as mentioned above to the following:

Address: No. 2503 Jingshi Road, Licheng District, Jinan, Shandong Province, PRC, Postal Code: 250107

Telephone: (+86) 0531-67710376

Fax: (+86) 0531-67710380

Email: hj600547@163.com

DIRECTORS’ RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS

All Directors have acknowledged their responsibilities for preparing the financial reports of the Group. The Directors ensure that the preparation of financial reports of the Group is in compliance with relevant laws, regulations and applicable accounting standards and that financial reports of the Group are issued in a timely manner.

The responsibility statement made by the auditor of the Company in respect of financial reports of the Group is set out in the “Independent Auditor’s Report” in this annual report.

DIRECTORS’ AND OFFICERS’ LIABILITIES

The Company has purchased and maintained Directors’, Supervisors’ and senior management’s liability insurance throughout the Reporting Period, which provides appropriate protection over certain legal actions brought against its Directors, Supervisors and senior management. Such insurance coverage is reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

RELATIONS WITH THE CONTROLLING SHAREHOLDER

The controlling Shareholder exercises its rights as a Shareholder through the general meeting and does not interfere with the decision-making and operation of the Company, achieving independence in terms of personnel, assets, finance, organization and business. Thus the Board, the Supervisory Committee and the internal management organization can operate independently. The controlling Shareholder strictly abides by its non-competition undertaking to the Company and is able to strictly abide by the voting abstention mechanism when it comes to connected transactions with the Company to ensure the transaction is just and fair. During the Reporting Period, there was no behavior in which the controlling Shareholder used its special status to encroach on and prejudice the interests of the Company and other Shareholders.

REMUNERATION OF EXTERNAL AUDITORS

ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited were the domestic and international auditors of the Company for 2024 respectively.

The fees in respect of audit service provided to the Group by SHINEWING (HK) CPA Limited for the year 2024 amounted to approximately RMB2.3 million, without any fees in respect of non-audit service. The fees in respect of audit service and internal control and auditing service provided to the Group by ShineWing Certified Public Accountants (Special General Partnership) for the year 2024 amounted to approximately RMB1.8 million and approximately RMB0.7 million respectively.

AUDITORS

Auditors appointed by the Company in the past three years is as follows:

Domestic Auditors:	TianYuanQuan Certified Public Accountants (Special General Partnership) (2019 – January 2023)
	ShineWing Certified Public Accountants (Special General Partnership) (February 2023 – present)
International Auditors:	SHINEWING (HK) CPA Limited (January 2020 – present)

ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment as domestic and international auditors of the Company will be proposed at the forthcoming annual general meeting.

ARTICLES OF ASSOCIATION

During the Reporting Period, 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 the Shareholders at the 2024 second extraordinary general meeting of the Company held on 7 March 2024. For details, please refer to the Company's announcement dated 26 January 2024 and the Company's circular dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

Save as disclosed above, there were no other changes to the Articles of Association during the Reporting Period.

CORPORATE GOVERNANCE REPORT

EXPLANATION ON THE RISKS IN THE COMPANY DISCOVERED BY THE SUPERVISORY COMMITTEE

During the Reporting Period, in accordance with the PRC Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association, the Rules of Procedure of the Supervisory Committee and other relevant regulations, the Supervisory Committee performed duties compliantly in accordance with the law, and with focus on risk prevention and control, conducted solid supervision around major matters in the Company's operation and management, financial conditions, internal controls, directors and senior management's performance of duties. The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

SUBSEQUENT EVENTS OF CORPORATE GOVERNANCE

On 28 November 2024, the Company made amendments to the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee of the Company in accordance with the relevant provisions of laws, regulations and normative documents including the Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, and taking into account the actual situation of the Company. The amendments were approved by the Shareholders at the 2025 first extraordinary general meeting of the Company held on 14 January 2025. For details, please refer to the announcement of the Company dated 14 January 2025 and the circular of the Company dated 24 December 2024 published on the website of the Hong Kong Stock Exchange.

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF SHANDONG GOLD MINING CO., LTD.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shandong Gold Mining Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 113 to 252, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment on property, plant and equipment and intangible assets

Refer to Notes 17 and 20 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the carrying amounts of the property, plant and equipment and intangible assets were approximately RMB61,611,390,000 and RMB47,644,609,000 respectively, which are mainly related to the assets arising from the Group's gold mining and refining activities.</p> <p>The management of the Group has performed impairment assessment on the property, plant and equipment and intangible assets at the end of the reporting period. When indication of possible impairment has been identified, recoverable amount is determined based on the higher of fair value less cost of disposal or value-in-use of each cash-generating unit, in which the property, plant and equipment and intangible assets were allocated to.</p> <p>We have identified the impairment assessment on property, plant and equipment and intangible assets as a key audit matter because of their significance to the consolidated financial statements as a whole and the involvement of a significant degree of judgements and estimates made by the management of the Group when performing impairment assessment.</p>	<p>Our audit procedures were designed to review the management's judgements and estimates used in determining the indication of possible impairment and its impairment testing on the property, plant and equipment and intangible assets.</p> <p>We have discussed and reviewed the impairment assessment prepared by the management of the Group, including the identification of possible impairment.</p> <p>For the impairment testing, we have reviewed the underlying data and assumptions used in the calculation of fair value less cost of disposal or value-in-use of the respective cash-generating unit as recoverable amount, including the gold price, recoverable reserves, exploration potentials, production costs estimates, future operating costs and pre-tax discount rates. We have compared those underlying data and assumptions used to the historical data and other available market sources.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Recognition and impairment assessment on goodwill

Refer to Note 21 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the carrying amount of the goodwill was approximately RMB11,592,073,000, which is mainly related to the acquisition of subsidiaries and joint operation through business combinations.</p>	<p>Our audit procedures were designed to review the management's judgements used in the recognition of goodwill and the identification of cash-generating units and the impairment amount on goodwill.</p>
<p>The management of the Group has performed impairment assessment on goodwill based on recoverable amount, which is the higher of fair value less cost of disposal and value-in-use of each cash-generating unit. Fair value less cost of disposal and value-in-use, based on the market approach and the discounted cash flows model, of each cash-generating unit were prepared by the independent valuers engaged by the Group.</p>	<p>We have assessed the reasonableness of the identification of cash-generating units for annual impairment testing (including the goodwill recognised during the year).</p>
<p>We have identified the impairment assessment on goodwill as a key audit matter because of its significance to the consolidated financial statements as a whole and the involvement of a significant degree of judgements and estimates made by the management of the Group when performing impairment testing.</p>	<p>We have discussed and reviewed the assumptions adopted in the impairment testing performed by the management of the Group and the independent valuers. We have reviewed the underlying data and assumptions used in the discounted cash flows model, including production plan, useful lives of mines, forecasted sales, gross profits, operating costs and gold price against the latest available information.</p>
	<p>We have also reviewed the discount rates adopted in the discounted cash flows model by reviewing its basis of calculation and comparing the input data to market sources.</p>
	<p>We have also considered the potential impact of reasonably possible downside changes in these key assumptions.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Fair value measurement of financial assets and liabilities at fair value through profit or loss ("FVTPL")

Refer to Notes 25 and 33 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the aggregate carrying amounts of the financial assets at FVTPL and financial liabilities at FVTPL were approximately RMB8,232,893,000 and RMB874,566,000 respectively.</p> <p>The management of the Group has performed fair value assessment of financial assets at FVTPL and financial liabilities at FVTPL at the end of the reporting period. Significant judgements and estimates, including selection of appropriate valuation techniques and the use of unobservable market data, have been used by the management of the Group and the independent valuer in the fair value measurement.</p> <p>We have identified the fair value measurement of financial assets and liabilities at FVTPL as a key audit matter because of their significance to the consolidated financial statements as a whole and the involvement of a significant degree of judgements and estimates made by the management of the Group when performing fair value measurement.</p>	<p>Our audit procedures were designed to review the fair value measurement performed by the management of the Group and independent valuer, including the review of the valuation technique and the underlying data and assumptions used in fair value measurement.</p> <p>We have discussed with the management of the Group and the independent valuer for the appropriateness of valuation techniques adopted and reviewed fair value calculations.</p> <p>We have also assessed the reasonableness of the underlying data and assumptions used by the management of the Group and the independent valuer in the fair value measurement with reference to the available market data and/or other external available information.</p>

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee of the Company is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Chuen Fai.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practicing Certificate Number: P05589

Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	82,517,994	59,275,275
Cost of sales		(70,304,639)	(50,647,596)
Gross profit		12,213,355	8,627,679
Selling expenses		(184,583)	(147,179)
General and administrative expenses		(2,938,285)	(2,614,946)
Research and development expenses		(770,411)	(487,195)
Other income	7	36,660	28,494
Other gains and losses, net	8	(892,648)	(510,713)
Finance income	9	190,017	145,110
Finance costs	9	(2,074,453)	(1,568,275)
Share of results of associates		33,485	15,237
Profit before tax		5,613,137	3,488,212
Income tax expense	10	(1,225,538)	(664,969)
Profit for the year	11	4,387,599	2,823,243
Profit for the year attributable to:			
Holders of equity instruments of the Company			
– Ordinary shares		2,493,846	1,803,893
– Perpetual bonds		404,834	463,490
		2,898,680	2,267,383
Non-controlling interests		1,488,919	555,860
		4,387,599	2,823,243
EARNINGS PER SHARE			
– Basic and diluted (RMB)	14	0.56	0.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	4,387,599	2,823,243
Other comprehensive income (expense):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	52,271	(14,129)
Total comprehensive income for the year	4,439,870	2,809,114
Total comprehensive income for the year attributable to:		
Holders of equity instruments of the Company		
– Ordinary shares	2,533,383	1,791,442
– Perpetual bonds	404,834	463,490
Non-controlling interests	2,938,217	2,254,932
	1,501,653	554,182
	4,439,870	2,809,114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	17	61,611,390	50,357,955
Investment properties	18	132,847	164,392
Right-of-use assets	19(a)	1,544,101	1,492,974
Intangible assets	20	47,644,609	32,988,312
Goodwill	21	11,592,073	11,475,523
Investments in associates	22	2,526,933	2,521,951
Financial assets at fair value through other comprehensive income	24	28,720	28,720
Financial assets at fair value through profit or loss	25	4,481,601	4,829,857
Inventories	26	921,140	1,135,305
Deferred income tax assets	35	921,756	722,744
Other non-current assets	27	904,056	668,928
		132,309,226	106,386,661
Current assets			
Inventories	26	6,819,746	8,848,047
Prepayment, trade and other receivables	28	7,033,904	5,352,317
Prepaid income tax		19,032	41,983
Financial assets at fair value through profit or loss	25	3,751,292	4,165,391
Restricted bank deposits	29(a)	1,145,644	1,871,539
Bank balances and cash	29(b)	9,931,631	8,352,903
		28,701,249	28,632,180
Current liabilities			
Trade and other payables	30	27,649,844	19,976,443
Lease liabilities	19(b)	69,507	47,906
Current income tax liabilities		731,327	529,476
Borrowings	31	32,766,154	27,932,634
Financial liabilities at fair value through profit or loss	33	874,566	801,362
Current portion of other non-current liabilities	34	331,969	205,055
		62,423,367	49,492,876
Net current liabilities		(33,722,118)	(20,860,696)
Total assets less current liabilities		98,587,108	85,525,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	19(b)	124,369	108,361
Borrowings	31	26,609,694	23,211,331
Bonds payable	32	4,000,000	–
Deferred income tax liabilities	35	6,544,087	6,826,963
Deferred revenue	36	12,152	12,787
Provision for asset retirement obligations	37	1,081,558	842,789
Other non-current liabilities	34	1,658,451	1,226,020
		40,030,311	32,228,251
Net assets			
		58,556,797	53,297,714
Capital and reserves			
Share capital	38	4,473,430	4,473,430
Reserves		20,289,025	18,667,125
		24,762,455	23,140,555
Perpetual bonds	39	12,941,338	9,938,377
Non-controlling interests		20,853,004	20,218,782
		58,556,797	53,297,714

The consolidated financial statements on pages 113 to 252 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Li Hang
Director

Tang Qi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital	Capital reserve	Statutory and other	Transactions with non-controlling	Foreign currency	Others	Retained	Sub-total	Perpetual bonds	Non-controlling	Total
			reserve funds	interests	translation reserve		profits			interests	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note a)	(Note b)	(Note c)					(note 39)		
At 1 January 2024	4,473,430	5,788,983	1,148,834	(2,770,048)	78,403	2,620	14,418,333	23,140,555	9,938,377	20,218,782	53,297,714
Profit for the year	-	-	-	-	-	-	2,493,846	2,493,846	404,834	1,488,919	4,387,599
Other comprehensive income:											
Currency translation differences	-	-	-	-	39,537	-	-	39,537	-	12,734	52,271
Total comprehensive income	-	-	-	-	39,537	-	2,493,846	2,533,383	404,834	1,501,653	4,439,870
Appropriations	-	-	357,002	-	-	-	(357,002)	-	-	-	-
Issue of perpetual bonds	-	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	201,900	201,900
Dividends to shareholders of the Company (note 13)	-	-	-	-	-	-	(984,154)	(984,154)	-	-	(984,154)
Distributions made to holders of perpetual bonds	-	-	-	-	-	-	-	-	(401,873)	-	(401,873)
Dividends paid by subsidiaries of the Company to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,069,331)	(1,069,331)
Others	-	-	-	-	-	72,671	-	72,671	-	-	72,671
At 31 December 2024	4,473,430	5,788,983	1,505,836	(2,770,048)	117,940	75,291	15,571,023	24,762,455	12,941,338	20,853,004	58,556,797

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital	Capital reserve	Statutory reserve and other funds	Transactions with non-controlling interests	Foreign currency translation reserve	Others	Retained profits	Sub-total	Perpetual bonds	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note a)	(Note b)	(Note c)					(note 39)		
At 1 January 2023	4,473,430	5,788,983	1,065,380	(1,465,776)	90,854	43,170	13,011,034	23,007,075	9,937,528	3,871,319	36,815,922
Profit for the year	-	-	-	-	-	-	1,803,893	1,803,893	463,490	555,860	2,823,243
<i>Other comprehensive (expense) income:</i>											
Currency translation differences	-	-	-	-	(12,451)	-	-	(12,451)	-	(1,678)	(14,129)
Total comprehensive (expense) income	-	-	-	-	(12,451)	-	1,803,893	1,791,442	463,490	554,182	2,809,114
Appropriations	-	-	83,454	-	-	-	(83,454)	-	-	-	-
Issue of perpetual bonds	-	-	-	-	-	-	-	-	3,998,000	-	3,998,000
Repayment of perpetual bonds	-	-	-	-	-	(439)	-	(439)	(3,999,561)	-	(4,000,000)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	14,232,717	14,232,717
Incorporation of new subsidiaries	-	-	-	-	-	-	-	-	-	3,192,000	3,192,000
Dividends to shareholders of the Company (note 13)	-	-	-	-	-	-	(313,140)	(313,140)	-	-	(313,140)
Distributions made to holders of perpetual bonds	-	-	-	-	-	-	-	-	(461,080)	-	(461,080)
Dividends paid by subsidiaries of the Company to non-controlling interests	-	-	-	-	-	-	-	-	-	(182,957)	(182,957)
Acquisition of non-controlling interests (note 15(c)(i), 15(c)(ii) and 15(c)(iii))	-	-	-	(1,304,272)	-	-	-	(1,304,272)	-	(1,448,479)	(2,752,751)
Others	-	-	-	-	-	(40,111)	-	(40,111)	-	-	(40,111)
At 31 December 2023	4,473,430	5,788,983	1,148,834	(2,770,048)	78,403	2,620	14,418,333	23,140,555	9,938,377	20,218,782	53,297,714

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Notes:

(a) Capital reserve

The capital reserve represented the sum of (i) the excess of net proceeds received from issuance of the shares of the Company and the nominal value of the shares issued; (ii) the difference between the amounts of capital injection from non-controlling interests and the net assets attributable to the non-controlling interests; (iii) capitalisation upon the bonus issue; (iv) consideration paid for the acquisition of SDG Capital Management Co., Ltd. (山金金控資本管理有限公司) (“SDG Capital Management”) and its subsidiaries (collectively referred to as the “SDG Group”) under business combination involving entities under common control and completed during the year ended 31 December 2019; and (v) consideration paid for the acquisition of Shandong Dikuang Laijin Holdings Co., Ltd. (“Dikuang Laijin”), Laizhou Hongsheng Mining Investment Co., Ltd. (“Hongsheng Mining”), Shandong Laizhou Ludi Gold Mine Company Limited (“Ludi Gold Mine”) and Shandong Tiancheng Mining Co., Ltd. (“Tiancheng Mining”) under business combination involving entities under common control and completed during the year ended 31 December 2021.

(b) Statutory and other reserve funds

In accordance with the People’s Republic of China (the “PRC” or “China”) Company Law and the articles of association of the PRC subsidiaries of the Company, the PRC subsidiaries are required to set aside 10% of its profit after tax, as determined in accordance with relevant accounting principles and financial regulations applicable to the PRC companies and regulations applicable to the PRC subsidiaries, to the statutory reserve funds until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to equity holders before reaching 50% threshold as mentioned above. The statutory reserve funds can be used to offset previous years’ loss, if any, and part of the statutory reserve funds can be capitalised as the share capital of the PRC subsidiaries provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the PRC subsidiaries.

(c) Transactions with non-controlling interests

The amount represented the difference between considerations paid for the acquisition of additional equity interests in non-wholly owned subsidiaries of the Company and the carrying amount of the non-controlling interests to be acquired. Details of such transactions are in note 15.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	40(a)	22,180,426	10,248,812
Income tax paid		(1,883,672)	(795,995)
NET CASH FROM OPERATING ACTIVITIES		20,296,754	9,452,817
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,758,973)	(9,658,962)
Additions of right-of-use assets		(97,118)	(86,467)
Purchase of intangible assets		(13,135,173)	(1,034,694)
Net cash outflow from acquisition of subsidiaries		(2,358,230)	(11,913,760)
Capital injection in an associate		–	(552,003)
Payments for purchase of financial assets at fair value through profit or loss		(5,102,219)	(1,790,400)
Proceeds from disposal of property, plant and equipment		3,508	3,386
Proceeds from disposal of financial assets at fair value through profit or loss		5,412,062	429,045
Dividends received from an associates		28,503	34,190
Dividends received from financial assets at fair value through profit or loss		107,820	56,742
Repayments from related parties		–	166,866
Payments for settlement of gold futures/forward contracts		(45,958)	(50,446)
Placement of restricted bank deposits		(718,224)	–
Withdrawal of restricted bank deposits		1,444,119	514,192
Interest received		190,017	145,110
NET CASH USED IN INVESTING ACTIVITIES		(29,029,866)	(23,737,201)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES			
New bank borrowings raised		47,110,282	41,215,892
New borrowings from related parties raised		5,626,187	3,988,000
Proceeds from issue of corporate bonds		3,942,991	–
Proceeds from issue of perpetual bonds		3,000,000	3,998,000
Proceeds from gold leasing arrangements		19,322,873	3,974,920
Proceeds from non-controlling interests shareholders capital contributions		–	3,192,000
Government grants received		36,025	25,197
Repayments of bank borrowings		(39,142,285)	(15,690,384)
Repayments of borrowings from related parties		(5,182,000)	(2,852,300)
Settlement of gold leasing arrangements		(19,277,562)	(14,453,246)
Repayment of perpetual bonds		–	(4,000,000)
Consideration paid for acquisition of non-controlling interests		–	(2,752,751)
Repayments of lease liabilities		(63,789)	(85,296)
Payments of guarantee and arrangement fee for borrowings		(59,000)	(33,238)
Interests paid		(1,783,852)	(1,224,838)
Payments for finance costs associated with gold leasing contracts		(272,805)	(304,593)
Dividends paid to shareholders of the Company		(984,154)	(313,140)
Dividends paid to non-controlling interests		(1,069,331)	(182,957)
Distributions made to holders of perpetual bonds		(401,873)	(461,080)
Payments for provision for asset retirement obligations		(16,311)	(59,632)
NET CASH FROM FINANCING ACTIVITIES		10,785,396	13,980,554
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,052,284	(303,830)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		6,034,083	6,347,098
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(3,402)	(9,185)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8,082,965	6,034,083
Analysis of cash and cash equivalents:			
Bank balances and cash		9,931,631	8,352,903
Less: Cash held on behalf of customers for futures contracts trading	29(b)	(1,848,666)	(2,318,820)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		8,082,965	6,034,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Shandong Gold Mining Co., Ltd. (the “Company”) was incorporated in the PRC on 31 January 2000 as a joint stock company with limited liability under the Company Law of the PRC.

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

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in (i) mining, processing and sales of gold and gold products; (ii) manufacturing and sales 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 metals 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) promulgated by the International Accounting Standards Board (the “IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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, as explained in the accounting policy set out below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

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

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern

As at 31 December 2024, the Group's recorded current liabilities exceeded its current assets by approximately RMB33,722,118,000. 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 RMB55,000,000,000 as at 31 December 2024 and available at least next twelve months from the end of the reporting period.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Application of new and amendments to IFRSs

- (a) Amendments to IFRSs that are mandatorily effective for the current year

In current year, the Group has applied the following amendments to IFRSs issued by the IASB which are effective for the Group's annual period beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact 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 – Classification of Liabilities as Current or Non-current; and Amendments to IAS 1 – Non-current Liabilities with Covenants

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current issued in 2020 clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification.

Amendments to IAS 1 – Non-current Liabilities with Covenants issued in 2022 further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The adoption of the amendments has no impact on the Group's classification of liabilities as at 1 January 2023, 31 December 2023 and 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Application of new and amendments to IFRSs *(Continued)*

(b) New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards-Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except as described below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the consolidated financial statements and improve aggregation and disaggregation of information to be disclosed in the consolidated financial statements. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and the other consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future consolidated financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Application of new and amendments to IFRSs *(Continued)*

- (b) New and amendments to IFRSs issued but not yet effective *(Continued)*

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassess whether it controls over the subsidiary if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests under the consolidated statement of comprehensive income. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Merger accounting for business combination involving entities under common control

For business combination under common control, the Group's consolidated financial statements incorporates the financial information of the combining entities or businesses as if they had been combined from the earliest date presented or since the date when the combining entities or businesses first came under the control of the controlling party, whichever is shorter.

The assets acquired and liabilities assumed of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination is adjusted against the equity. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless combining entities or businesses first came under common control at a later date.

Any cost in relation to the combination is recognised as an expense when incurred.

2.2.3 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.4 Separate financial statements

Interests in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of interests in subsidiaries. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.2.5 Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisition of businesses are accounted for using the acquisition method, except for business combination under common control. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.5 Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.5 Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of equal to a more than 20% and less than 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting in both of the consolidated financial statements and separate financial statements of the Company. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of result of associates" in the consolidated statement of profit or loss.

Profit or loss resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint operation. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint operation is accounted for by recognising the operator's relevant share of assets, liabilities, revenues and expenses.

Where a joint operator acquires an interest in a joint operation, the accounting treatment depends on whether the activity of the acquired joint operation constitutes a business. The joint operator should apply business combination accounting to the extent of its share, where the activity of the joint operation constitutes a business. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

Where the entity is involved in a joint operation, the investors account for their rights and obligation by recognising:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

Management should classify and measure the recognised asset, liability and items of revenue or expense, or the share of an asset, liability or item of revenue or expense, according to the applicable standard for each item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency, and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

2.5.2 Transactions and balances in each entity's financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains or losses are presented in the consolidated statement of profit or loss on a net basis within "Other gains and losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVTPL") are recognised in consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVTOCI") are recognised in consolidated statement of profit or loss and other comprehensive income.

2.5.3 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities at the end of the reporting period are translated at the closing rate at the date of the reporting period;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income under foreign currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.5 Foreign currency translation *(Continued)*

2.5.3 Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings forming a part of the net investment are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purpose (other than construction in progress), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Other than mining structures and construction in progress, depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life as follows:

– Buildings	5–50 years
– Plant, machinery and equipment	2–20 years

Mining structures include the main and auxiliary mine shafts and underground tunnels and capitalised open pit mine development costs. Mining structures are depreciated on the unit of production method (the “UOP method”), based on the proven and probable reserves and where appropriate the portion of mineral resources considered to be probable of economic extraction based on the current Life of Mine (“LOM”) Plans.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalised as open pit mine development costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Stripping costs incurred during the production stage of a pit are accounted for as costs of the inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body. Components of the ore body are based on the distinct development phases identified by the mine planning engineers when determining the optimal development plan for the open pit. Production phase stripping costs generate a future economic benefit when the related stripping activity: (i) improves access to a component of the ore body to be mined in the future; (ii) increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and (iii) increases the productive capacity or extends the productive life of the mine (or pit). Production phase stripping costs that are expected to generate a future economic benefit are capitalised as open pit mine development costs.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses, if any. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

An asset's carrying amount is considered to be impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses, net" in the consolidated statement of profit or loss.

2.7 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields or for capital appreciation. Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation of the investment properties is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The estimated useful life of these investment properties is estimated to be 13–42 years.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the profit or loss. The cost of maintenance, repairs and minor improvements is charged to the profit or loss when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Intangible assets

2.8.1 Mining and exploration rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised based on the UOP method whereby the denominator is the proven and probable reserves and where appropriate the portion of mineral resources considered to be probable of economic extraction.

Exploration rights are stated at cost less impairment losses. Cost of the exploration rights are transferred to mining rights upon the government's approval of the mining license.

2.8.2 Goodwill

Goodwill arises on the acquisition of subsidiaries and joint operation constituting businesses represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (the "CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8.3 Patent rights

Patent rights are capitalised on the basis of the costs incurred to acquire and bring to use the patent rights. These costs are amortised over estimated useful life of 20 years, which are restricted by the period for which the legal rights are held.

2.8.4 Software licenses, trademarks and other licences

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years. The useful lives of trademarks and licences are restricted by the period for which contractual or other legal rights are held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Intangible assets *(Continued)*

2.8.5 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.9 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction cost of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains and losses, net", together with foreign exchange gains or losses. Impairment losses are presented in general and administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets *(Continued)*

2.10.2 Recognition and measurement *(Continued)*

Debt instruments (Continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains and losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instruments that is subsequently measured at FVTPL is recognised in profit or loss and presented in other gains and losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVTPL are recognised in other gains and losses, net in the consolidated statement of profit or loss as applicable. Where the Group's management has elected to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains or losses included in other comprehensive income to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.10.3 Impairment of financial assets

The Group has types of financial assets subject to IFRS 9's expected credit loss ("ECL") model:

- trade receivables; and
- other receivables (excluding non-financial assets).

For trade receivables, the Group applies the simplified approach to providing for ECL as prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets *(Continued)*

2.10.3 Impairment of financial assets *(Continued)*

For other receivables (excluding non-financial assets), the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on the significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on the financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial assets as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets *(Continued)*

2.10.3 Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when trade receivables is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For other receivables, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets *(Continued)*

2.10.3 Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a trade receivable when there is information indicating that the interest and/or principal repayments are 3 years past due and there is no reasonable expectation of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The gross carrying amount of an other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.10 Financial assets *(Continued)*

2.10.3 Impairment of financial assets *(Continued)*

Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value of inventories represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See note 2.10.3 for the Group's impairment policies.

2.13 Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 29. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

2.14 Share capital, treasury shares and perpetual instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where any Group's entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity owners. Where such shares are subsequently sold or reissued, the cost of the treasury shares is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised in the capital reserve of the Company.

Perpetual instruments which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.15 Financial liabilities

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies; (ii) held for trading; or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.15 Financial liabilities *(Continued)*

Financial liabilities at FVTPL (Continued)

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Financial liabilities subsequently measured at amortised cost

For financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred taxation liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.19 Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.20 Employee benefits

(a) Short term compensation

Short term compensation includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, work-related injury insurance premium, maternity insurance premium, contributions to housing fund, unions and education fund and short-term absence with payment etc. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the short term compensation actually incurred as a liability and charged to the cost of an asset or to profit or loss in the same period.

(b) Post-employment benefits

The Group classifies post-employment benefits into Defined Contribution Plan (“DC plan”). DC plan means the Group only contributes a fixed amount to an independent fund and no longer bears other payment obligation. The post-employment benefits of the Group primarily comprise basic pension insurance and unemployment insurance and both of them are DC plans.

Basic pension insurance

Employees of the Group participate in the social insurance system established and managed by local labor and social security department. The Group makes basic pension insurance to the local social insurance agencies every month, at the applicable benchmarks and rates stipulated by the government for the benefits of its employees. After the employees retire, the local labor and social security department has obligations to pay them the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charged to the cost of an asset or to profit or loss in the same period.

Employees of the subsidiary as incorporated in Hong Kong participate in a statutory defined contribution pension plan (the “Mandatory Provident Fund Scheme”) under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund under the Mandatory Provident Fund Scheme does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans including the Mandatory Provident Fund Scheme, employee pension schemes established by municipal government in the PRC and administration and social security system for employees in Argentina are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.21 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provision for future decommissioning and restoration is recognised in full on the installation of mining properties. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the related mining properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the mining properties. Any change in the present value of the estimated expenditure other than due to passage of time, which is regarded as interest expense, is reflected as an adjustment to the provision and mining properties.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Exploration and evaluation

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of the mineralised material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Once the technical feasibility and commercial viability of a program or project has been demonstrated with a prefeasibility study and recognised reserves in accordance with the Canadian Securities Administrators' National Instrument 43-101, future expenditures incurred in the development of that program or project are reclassified to property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.23 Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.23 Revenue from contracts with customers *(Continued)*

For details of the Group's revenue recognition policies are as follows:

(a) Sale of goods

Revenue is recognised when control over the goods has been transferred to the customers. It is generally satisfied at a point in time when the control of the product has transferred to the customer.

(b) Brokerage and other income from trading and futures contracts

Brokerage and other income from trading and futures contracts is recognised upon completion of the successful bid of futures trading.

Contract assets and liabilities

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or provides services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. This has been classified under "Trade and other payables".

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

2.24 Interest income

Interest income on financial assets at amortised cost and financial assets at FVTOCI is calculated using the effective interest method and recognised in the consolidated statement of profit or loss. Interest income is presented as finance income where it is earned from financial assets.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

2.25 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants recognised in the consolidated statement of profit or loss on a systematic basis over the period in which the Group recognises as expenses the related costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to the consolidated statement of profit or loss on a straight-line basis over the expected useful lives of the related assets.

2.27 Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.27 Leasing *(Continued)*

The Group as lessee (Continued)

Lease liabilities (Continued)

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provision, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.27 Leasing *(Continued)*

The Group as lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand – alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.27 Leasing *(Continued)*

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.28 Research and development expenses

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved software) are capitalised as intangible assets when recognition criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred.

Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their estimated useful lives.

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.30 Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value-in-use of the cash generating units for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (i.e. group treasury) under policies approved by the directors of the Company. The group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The directors of the Company provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits, trade and other receivables and trade and other payables) expose it to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars ("US\$"). In addition, the RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

Management has set up a policy to require group companies to manage their foreign currency risk against their functional currency. The group companies are required to hedge their entire foreign currency risk exposure through the group treasury. To manage their foreign currency risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group may use forward contracts as transacted through the group treasury. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group historically has not used any derivative instruments to hedge exchange rate of US\$ and currently does not have a fixed policy to do so in the foreseeable future.

The subsidiaries of the Company located in the PRC have most of the transactions settled in RMB, which is also the functional currency of the subsidiaries located in the PRC. The subsidiary of the Company located in Hong Kong and the joint operation of the Group located in Argentina have most of the transactions settled in US\$, which is also their functional currency. Foreign currency risk arises when recognised assets and liabilities are denominated in a currency that is not the functional currency of the Company and its subsidiaries. As at 31 December 2024 and 2023, the Group's assets and liabilities are primarily denominated in their functional currencies and considered that the foreign currency risk is insignificant.

The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group's exposure to cash flow interest rate risk arises from the Group's variable interest rate restricted bank deposits, variable interest rate short-term deposits in the banks and in the associate and variable interest rate deposits in trading accounts of Shanghai Gold Exchange included in bank balances and cash and borrowings at variable interest rate. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposure to fair value interest rate risk arises from the Group's fixed interest rate borrowings. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the floating interest rates of Secured Overnight Financing Rate ("SOFR") and People's Bank of China's Benchmark Lending Rate arising from the Group's borrowings raised by the subsidiaries of the Company.

Other than those mentioned above, the Group's income and operating cash flows are substantially independent of changes in the market interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings with variable interest rate at the end of the reporting period. The analysis is prepared assuming those borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	2024	2023
	RMB'000	RMB'000
Impact on post-tax profit of 50 basis points higher	(154,002)	(129,119)
Impact on post-tax profit of 50 basis points lower	154,002	129,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Other price risk

The Group engages in gold mining and refining operations and is exposed to commodity price risk related to price volatility of gold from the gold leasing contracts. Regarding this price risk, the Group, at the same time, entered gold futures and forward contracts at the pre-determined gold price, to minimise the fluctuation of gold price arising from the gold leasing contracts.

In addition, the Group is exposed to equity price risk through its listed investments included in financial assets at FVTPL. The management of the Group has appointed a special team to monitor this price risk and will consider hedging the risk exposure should the need arises.

The sensitivity analyses below have been determined based on the exposure to other price risk to listed investments at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is set as 5% (2023: 5%) in current year. No sensitivity analysis was presented for the fluctuation of gold price since the gold futures or forward contracts at pre-determined rate have been entered at the same time with the gold leasing contracts.

If the price of the respective listed investments has been 5% (2023: 5%) higher/lower, post-tax profit for the year ended 31 December 2024 would increase/decrease by approximately RMB173,785,000 (2023: RMB197,442,000) as a result of the changes in fair value of financial assets at FVTPL.

(b) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. Credit risk is managed on a group basis. Credit risk mainly arises from trade and other receivables, restricted bank deposits and cash at banks.

The Group expects that there is no significant credit risk associated with restricted bank deposits and cash at banks since they are deposited at state-owned banks and financial institutions and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group is exposed to credit risk if counterparties fail to make payments as they fall due.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each year. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

As at 31 December 2024, the Group has concentration of credit risk as 75% (2023: 75%) of the total trade receivables was due from the Group's the five largest customers. There was no outstanding trade receivables due from the Group's largest customer as at 31 December 2024 and 2023.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong (2023: Hong Kong), which accounted for 32% of the total trade receivables as at 31 December 2024 (2023: 55%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Other receivables

For other receivables (excluding non-financial assets), the Group measures the loss allowance equal to 12-month ECL, unless when there is a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on the significant increase in the likelihood or risk of a default occurring since initial recognition.

Among the other receivables as at 31 December 2024, carrying amount of approximately RMB5,644,009,000 (2023: RMB3,775,588,000) was considered as low risk of default since the debtors are having a low risk of default with no significant increase in credit risk since initial recognition by the directors of the Company.

For remaining other receivables, the impairment of other receivables of approximately RMB415,062,000 has been identified as at 31 December 2024 (2023: RMB318,449,000).

(ii) Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime ECL for all trade receivables.

Allowance for impairment losses of trade receivables, which are assessed individually or collectively based on provision matrix, are as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
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Trade receivables

As at 31 December 2024

Expected loss rate	3.57%	2.94%	20.02%	95.96%	
Gross carrying amount (RMB'000)	486,878	23,097	1,044	7,211	518,230
Impairment of trade receivables (RMB'000)	17,373	679	209	6,920	25,181

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
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Trade receivables

As at 31 December 2023

Expected loss rate	2.25%	10.00%	20.00%	86.45%	
Gross carrying amount (RMB'000)	523,858	6,937	572	8,886	540,253
Impairment of trade receivables (RMB'000)	11,798	694	114	7,682	20,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

As at 31 December 2024, the Group had net current liabilities of approximately RMB33,722,118,000. The Group is exposed to liquidity risk if they are not able to raise sufficient funds to meet its financial obligations.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of borrowing facilities. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by keeping committed facilities available.

The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank borrowings, use of committed facilities and gold leasing contracts.

Management of the Group monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn committed facilities and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the undiscounted cash outflows relating to the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at the end of reporting period RMB'000
As at 31 December 2024						
Trade and other payables	24,658,937	-	-	-	24,658,937	24,658,937
Lease liabilities	72,866	49,322	63,807	16,605	202,600	193,876
Borrowings	34,076,800	12,514,414	13,443,198	4,188,889	64,223,301	59,375,848
Bonds payable	57,009	103,400	3,262,500	1,125,000	4,547,909	4,000,000
Financial liabilities at FVTPL	874,566	-	-	-	874,566	874,566
Other non-current liabilities	331,969	795,102	841,615	21,734	1,990,420	1,990,420
	60,072,147	13,462,238	17,611,120	5,352,228	96,497,733	91,093,647

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at the end of reporting period RMB'000
As at 31 December 2023						
Trade and other payables	17,628,155	-	-	-	17,628,155	17,628,155
Lease liabilities	50,219	50,100	48,415	14,438	163,172	156,267
Borrowings	30,357,803	6,624,747	17,104,302	1,315,207	55,402,059	51,143,965
Financial liabilities at FVTPL	801,362	-	-	-	801,362	801,362
Other non-current liabilities	205,055	538,946	673,624	13,450	1,431,075	1,431,075
	49,042,594	7,213,793	17,826,341	1,343,095	75,425,823	71,160,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of borrowings, lease liabilities and financial liabilities at FVTPL (other than commodity options contracts and foreign currency forward contracts), less restricted bank deposits and bank balances and cash. Total capital is calculated as "equity" plus net debt.

As at 31 December 2024 and 2023, the net debt to total capital ratio was as follows:

	2024 RMB'000	2023 RMB'000
Borrowings	59,375,848	51,143,965
Bonds payable	4,000,000	–
Lease liabilities	193,876	156,267
Financial liabilities at FVTPL	857,445	781,221
	64,427,169	52,081,453
Less: Restricted bank deposits (note 29(a))	(1,145,644)	(1,871,539)
Less: Bank balances and cash (note 29(b))	(9,931,631)	(8,352,903)
Net debt	53,349,894	41,857,011
Equity	58,556,797	53,297,714
Total capital	111,906,691	95,154,725
Gearing ratio	48%	44%

The increase in the gearing ratio as at 31 December 2024 was primarily due to the increase in borrowings and bonds payable more than the increase in the Group's equity as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at 31 December		Valuation technique	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
		2024	2023			
		RMB' 000	RMB' 000			
Financial assets at FVTPL – listed equity investments	Level 1	178,176	147,511	Quoted bid price in an active market	N/A	N/A
Financial assets at FVTPL – listed gold futures contracts	Level 1	1,919	256,320	Quoted bid price in an active market	N/A	N/A
Financial assets at FVTPL – listed equity investments	Level 2	4,454,180	4,861,285	Market approach – price to book ratio	N/A	N/A
Financial assets at FVTPL – investments in equity funds	Level 2	1,255,283	1,688,672	Quoted price in the fund's statements	N/A	N/A
Financial assets at FVTPL – structured deposits	Level 2	1,307,007	1,051,488	Quoted rate of return by issuing bank	N/A	N/A
Financial assets at FVTPL – investments in other equity funds (Note)	Level 3	970,715	851,183	Income approach	Long term revenue growth rate, taking into account management's experience and knowledge of market conditions of specific industries: From 7.4% to 12.5% (2023: From 7.4% to 12.5%)	The higher the long term revenue growth rate, the higher the fair value
Financial assets at FVTPL – investments in other equity funds (Note)	Level 3	65,613	138,789	Based on net asset value ("NAV") of the investment determined based on the fair value of the underlying investment portfolio, which is comprised of discount cash flows and equity interest held by the Group	NAV of the investment: RMB186,082,000 (2023: RMB279,009,000)	The higher NAV of the investment, the higher the fair value
		8,232,893	8,995,248			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial instruments	Fair value hierarchy	Fair value as at 31 December		Valuation technique	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
		2024	2023			
		RMB' 000	RMB' 000			
Financial liabilities at FVTPL – commodity options contracts and foreign currency forward contracts	Level 1	17,121	20,141	Quoted bid price in an active market	N/A	N/A
Financial liabilities at FVTPL – gold leasing contracts and gold forward/futures contracts	Level 2	857,445	781,221	Market approach – reference to the similar contracts	N/A	N/A
		874,566	801,362			

Note: The fair value of the financial assets at FVTPL – investments in other equity funds is determined using the combined approach – market comparison approach for unlisted shares and income approach for other assets held by equity funds. The valuation are dependent on several unobservable inputs such as discount rates and lack of marketability discounts. The estimated fair value would be decreased if the discount rates and lack of marketability discounts increases.

There were no transfers between Level 1 and 2 of fair value hierarchy in the current and prior years.

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, if the unobservable inputs to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of financial assets at FVTPL – investments in other equity funds categorised in Level 3 of the fair value hierarchy would decrease/increase by approximately RMB38,862,000 (2023: RMB37,124,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Financial assets at FVTPL – investments in other equity funds RMB'000
At 1 January 2023	968,697
Purchases	79,887
Disposals	(88,507)
Realised loss in profit or loss	(486)
Unrealised gain	30,381
	989,972
At 31 December 2023	989,972
Purchases	109,883
Disposals	(92,307)
Realised loss in profit or loss	(557)
Unrealised gain	29,337
	1,036,328
At 31 December 2024	1,036,328

The directors of the Company considered that the carrying amounts of other current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially differ from their fair values due to their immediate or short-term maturity or the interest rates used approximates to the discount rate of relevant financial assets or financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(a) Going concern consideration

The assessment of the going concern assumptions involves making judgements by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2.1.1.

(b) Joint operation – investment in Minera Andina del Sol S.R.L. (“MAS”) by the Group

The Group has determined that the Group's investment in MAS, a company incorporated in Argentina with limited liability, is jointly controlled by the Group and a subsidiary of Barrick Gold Corporation (“Barrick Gold”), Barrick Cayman (V) Ltd. The directors of the Company determine that both the Group and Barrick Gold have the right to the assets and obligations for the liabilities of MAS and are eligible to the products produced by the Veladero gold mine (“Veladero Gold Mine”), a gold mine located in Argentina and was held by MAS, and recognise expenses as incurred by MAS in the proportion of 50% each. Therefore, the Group defined its investment in MAS as an investment in a joint operation.

(c) Scope of consolidation – the Group holding half or less than half of the total voting rights of Shanjin International Gold Co., Ltd. (“Shanjin International”) (formerly known as Yintai Gold Co., Ltd. (“Yintai Gold”))

The Group has determined that it has obtained the controlling power in Shanjin International even it holds less than half of the total voting rights of Shanjin International. It is because the Group is the largest single shareholder of Shanjin International, holding 28.89% of its shares and its voting rights. The rest of the shares of Shanjin International are widely held by a number of other shareholders. There are no other shareholders having exercised voting rights collectively or holding more shares of Shanjin International than the Group since the acquisition date and at the end of the reporting date. At the same time, the Group can direct the board resolutions of Shanjin International to be passed and approve the appointment of key management personnel of Shanjin International by holding more than half of the total voting rights in the board of directors of Shanjin International. Therefore, the Group includes Shanjin International in the scope of consolidation. Details are mentioned in note 43(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Proved and probable mineral reserves and resources

Proved and probable mineral reserves and resources are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation exercised by the management of the Group may not be very accurate. The estimation is updated in accordance with new technologies and new information. This forms the basis for the LOM plans, and any changes in estimation will have impacts on amounts of depreciation of the mining structures (note 17) and amortisation of mining rights (note 20) using the UOP method. That may result in changes of or impacts on the Group's development and operation programme, and the Group's operation and operating results.

(b) Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges prospectively where useful lives are less than previously estimated lives, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment assessment on property, plant and equipment and intangible assets

Impairment assessment on property, plant and equipment and intangible assets are performed by the management of the Group at the end of each reporting period. When there is an indication of possible impairment identified, the management of the Group assess whether there is any impairment loss. Impairment loss has been recognised if the recoverable amount, being the higher of fair value less cost of disposal or value-in-use, is lower than the carrying amount. In assessing the value-in-use, the management of the Group takes into estimation of discounted future cash flows. In estimating the future cash flows, the management of the Group takes into account the gold price, recoverable reserves, exploration potentials, production costs and operating costs. The estimates used by the management of the Group in calculating future cash flows might be subject to changes due to the inherent uncertainty and the volatility of the gold price. Where the actual cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2024, the carrying amounts of property, plant and equipment and intangible assets were approximately RMB61,611,390,000 (2023: RMB50,357,955,000) and RMB47,644,609,000 (2023: RMB32,988,312,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Impairment assessment on goodwill

The management of the Group tests annually on goodwill in accordance with the accounting policy as disclosed in note 2, based on the recoverable amount. The recoverable amount of each cash-generating unit has been determined based on the higher of value-in-use calculation and fair value less cost of disposal calculation. If the recoverable amount is less than the carrying amount, impairment loss was recognised. The calculations of the recoverable amount require the use of estimates and judgement as disclosed in note 21.

As at 31 December 2024, the carrying amount of the goodwill was approximately RMB11,592,073,000 (2023: RMB11,475,523,000). No impairment loss has been recognised during the years ended 31 December 2024 and 2023.

(e) Fair value measurement of financial assets and liabilities at FVTPL

For the determination of the fair value of financial assets and liabilities at FVTPL, the management of the Group has taken the reference on the available market information, such as quoted market price and other comparable market data. Where there is no such information, the management of the Group uses their judgements and estimates in the fair value calculation, with reference to the other available information and the valuation performed by the independent valuers.

As at 31 December 2024, the carrying amounts of the financial assets and liabilities at FVTPL were approximately RMB8,232,893,000 (2023: RMB8,995,248,000) and RMB874,566,000 (2023: RMB801,362,000).

(f) Impairment assessment on trade and other receivables

The impairment for trade and other receivables are based on the assumptions about ECL. The Group uses judgements and estimates in making these assumptions and selecting the inputs to the provision calculation, as well as the Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment to the consolidated statement of profit or loss.

As at 31 December 2024, the carrying amount of the trade receivables was approximately RMB493,049,000 (2023: RMB519,965,000), net of allowance for impairment losses of approximately RMB25,181,000 (2023: RMB20,288,000).

As at 31 December 2024, the carrying amount of the other receivables was approximately RMB5,644,009,000 (2023: RMB3,775,588,000), net of allowance for impairment losses of approximately RMB415,062,000 (2023: RMB318,449,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(g) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(h) Estimation on the provision for asset retirement obligations

Provisions are recognised for the future decommissioning and restoration of mines. The amounts of the provision recognised are the present values of the estimated future expenditures that the Group is expected to incur. The estimation of the future expenditures is based on feasibility report performed by professionals with reference to the current local conditions and requirements, including legal requirements, technology, price level, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of mining properties. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the mining properties.

(i) Impairment of inventory

Impairment is made for those inventories with cost higher than the net realisable value based on the Company's accounting policies for inventories and the measurement of the lower of cost and net realisable value. At least at every financial year end, the Group reviews if the costs of the inventories are lower than the net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE

- (a) 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:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of gold bullion, gold related products and others	82,445,948	59,185,816
Brokerage and other fees earned from trading of futures contracts	61,781	76,380
	82,507,729	59,262,196
Revenue from other sources		
Rental income from investment properties	10,265	13,079
	82,517,994	59,275,275

- (b) Disaggregation of revenue from contracts with customers by timing of recognition:

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	82,507,729	59,262,196

- (c) **Transaction price allocated to the remaining performance obligation for contracts with customers**

The contracts for the sale of goods are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which the Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocation to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE (Continued)

- (d) Set out below is the reconciliation of the Group's revenue from contracts with customers disclosed in the segment information:

	Year ended 31 December 2024				
	Gold and Non-ferrous Metals Mining	Gold and Non-ferrous Metals Refining	Investment Management	Trading	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15					
Sales of gold bullion, gold related products and others	5,923,755	47,827,517	15,109,235	13,585,441	82,445,948
Brokerage and other fees earned from trading of futures contracts	-	-	61,781	-	61,781
	5,923,755	47,827,517	15,171,016	13,585,441	82,507,729
Revenue from other sources					
Rental income from investment properties	10,265	-	-	-	10,265
	5,934,020	47,827,517	15,171,016	13,585,441	82,517,994
Year ended 31 December 2023					
	Gold and Non-ferrous Metals Mining	Gold and Non-ferrous Metals Refining	Investment Management	Trading	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15					
Sales of gold bullion, gold related products and others	3,666,243	37,143,979	14,940,030	3,435,564	59,185,816
Brokerage and other fees earned from trading of futures contracts	-	-	76,380	-	76,380
	3,666,243	37,143,979	15,016,410	3,435,564	59,262,196
Revenue from other sources					
Rental income from investment properties	13,079	-	-	-	13,079
	3,679,322	37,143,979	15,016,410	3,435,564	59,275,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

Segment revenue and results

For the year ended 31 December 2024

	Gold and Non-ferrous Metals Mining RMB'000	Gold and Non-ferrous Metals Refining RMB'000	Investment Management RMB'000	Trading RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Revenue	20,626,630	48,116,817	15,306,670	13,585,441	(15,117,564)	82,517,994
Less: Inter-segment revenue	(14,692,610)	(289,300)	(135,654)	-	15,117,564	-
Revenue from external customers	5,934,020	47,827,517	15,171,016	13,585,441	-	82,517,994
Operating profit	5,840,301	55,882	153,623	1,953,983	(539,701)	7,464,088
Finance income	167,458	5,101	55,729	36,112	(74,383)	190,017
Finance costs	(1,881,287)	(8,241)	(208,571)	(50,737)	74,383	(2,074,453)
Share of results of associates	33,626	-	(141)	-	-	33,485
Profit before tax	4,160,098	52,742	640	1,939,358	(539,701)	5,613,137
Income tax (expense) credit	(838,573)	(5,427)	51,558	(433,096)	-	(1,225,538)
Profit for the year	3,321,525	47,315	52,198	1,506,262	(539,701)	4,387,599
Other segment information:						
Depreciation and amortisation	(4,951,031)	(90,375)	(8,332)	(878)	-	(5,050,616)
Loss on disposals/write-off of property, plant and equipment	(16,151)	-	-	-	-	(16,151)
Government grants	30,633	3,547	2,480	-	-	36,660
Provision for impairment of trade and other receivables, net of reversal	-	-	(101,506)	-	-	(101,506)
Provision for impairment of inventories, net of reversal	(5,432)	-	-	-	-	(5,432)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2023

	Gold and Non-ferrous Metals Mining RMB'000	Gold and Non-ferrous Metals 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	(13,535,387)	(153,514)	(29,120)	-	13,718,021	-
Revenue from external customers	3,679,322	37,143,979	15,016,410	3,435,564	-	59,275,275
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	15,221	-	16	-	-	15,237
Profit (loss) before tax	3,278,505	11,035	(107,035)	425,608	(119,901)	3,488,212
Income tax (expense) credit	(687,512)	(916)	107,939	(84,480)	-	(664,969)
Profit for the year	2,590,993	10,119	904	341,128	(119,901)	2,823,243
Other segment information:						
Depreciation and amortisation	(4,031,285)	(60,194)	(5,549)	(585)	-	(4,097,613)
Loss on disposals/write-off of property, plant and equipment	(12,448)	-	-	-	-	(12,448)
Government grants	24,385	2,581	1,528	-	-	28,494
Provision for impairment of trade and other receivables, net of reversal	7,936	-	(69,450)	-	-	(61,514)
Provision for impairment of inventories, net of reversal	(3,517)	-	-	-	-	(3,517)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

As at 31 December 2024

	Gold and Non-ferrous Metals Mining RMB'000	Gold and Non-ferrous Metals Refining RMB'000	Investment Management RMB'000	Trading RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Total assets	120,496,438	4,064,777	22,287,640	24,288,016	(10,126,396)	161,010,475
<i>Including:</i>						
Investments in associates	2,522,965	-	3,968	-	-	2,526,933
Total liabilities	90,191,197	3,253,699	13,489,015	5,646,163	(10,126,396)	102,453,678

As at 31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Analysis of revenue

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
China, excluding Hong Kong Special Administrative Region ("HKSAR")	73,342,212	56,585,687
HKSAR and other overseas countries	9,165,517	2,676,509
	82,507,729	59,262,196
Revenue from other sources		
China, excluding HKSAR	10,265	13,079
	82,517,994	59,275,275

Revenue is attributed to countries based on the customers' locations.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Customer A ¹	54,101,748	43,011,671

¹ Customer A is Shanghai Gold Exchange (上海黄金交易所).

Analysis of non-current assets

	2024 RMB'000	2023 RMB'000
China, excluding HKSAR	110,458,944	86,614,423
HKSAR and other overseas countries	16,418,205	14,190,917
	126,877,149	100,805,340

Note: The non-current assets above exclude financial assets at FVTOCI, financial assets at FVTPL and deferred income tax assets.

The above analysis of non-current assets is presented based on the geographical location of the assets. In respect of intangible assets, goodwill and investments in associates, the geographical location is determined based on the place of establishment or incorporation of (i) the subsidiaries of the Company owning such assets; (ii) the joint operation; or (iii) the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants (Note)	36,660	28,494

Note: Included in other income was government grants of approximately RMB32,759,000 (2023: RMB23,899,000) which represented the government grants received from the PRC local government authorities in respect of subsidising the Group's research and development activities, gold mining activities and other daily operations, which were immediately recognised as other income for the year as the Group fulfilled all the relevant granting criteria.

Details of the deferred revenue in respect of the government grants recognised during the year ended 31 December 2024 of approximately RMB3,901,000 (2023: RMB4,595,000) are set out in note 36.

8. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Fair value loss on gold futures/forward contracts	(73,851)	(64,389)
Impairment losses on property, plant and equipment	–	(4,269)
Impairment losses on intangible assets	(8,372)	–
Loss on disposal/write-off of property, plant and equipment	(16,151)	(12,448)
Loss on disposal of investment properties	(457)	–
Loss arising on lease modifications	(177)	–
Net foreign exchange losses	(371,370)	(101,128)
Realised and unrealised fair value loss of financial assets at FVTPL	(452,512)	(486,085)
Dividends income from financial assets at FVTPL	107,820	56,742
Gain on bargain purchase	58,568	5,245
Fair value gain on step acquisition	–	94,307
Others	(136,146)	1,312
	(892,648)	(510,713)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. FINANCE INCOME AND FINANCE COSTS

	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from:		
– bank deposits	140,367	103,836
– deposits with an associate (note 44(b))	49,650	35,989
– entrusted loans	–	5,285
	190,017	145,110
Finance costs		
Interest expenses from:		
– bank borrowings	1,695,644	1,201,822
– borrowings from related parties (note 44(b))	88,208	20,085
– bonds payable	57,009	–
– interest charge on unwinding of discounts from provision for asset retirement obligations (note 37)	30,056	34,837
– lease liabilities (note 19(c))	12,274	11,454
Finance costs for arranging gold leasing contracts	277,368	304,593
Realised and unrealised fair value (gains) losses on gold leasing contracts	(4,563)	2,931
Guarantee and arrangement fees for borrowings	59,000	33,238
	2,214,996	1,608,960
Less: Amounts capitalised on qualifying assets (Note)	(140,543)	(40,685)
	2,074,453	1,568,275

Note: Borrowing costs capitalised during the year arose on the general borrowing pool and were calculated by applying capitalisation rates ranging from 3.38% to 3.48% (2023: 2.72%) per annum to expenditure on qualifying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax:		
– PRC enterprise income tax	1,579,172	1,023,074
– Overseas taxation	270,930	62,142
	1,850,102	1,085,216
Deferred income tax (note 35)	(624,564)	(420,247)
	1,225,538	664,969

The provision for PRC enterprise income tax (“EIT”) is calculated based on the statutory income tax rate of 25% (2023: 25%). The EIT is calculated based on the applicable income tax rate of 25% (2023: 25%) on the estimated assessable profit of each of the companies comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for the Company and certain subsidiaries which are taxed at preferential tax rate of 15% or 20% (2023: 15% or 20%) based on the relevant PRC tax laws and regulations.

The estimated tax assessable profit of the Group’s overseas joint operation in Argentina is calculated at the statutory income tax rate of 35% (2023: 35%) in accordance with the Argentina income tax law.

The estimated tax assessable profit of the Group’s overseas subsidiaries in Ghana is calculated at the statutory income tax rate of 35% (2023: 35%) in accordance with the Ghana income tax law.

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made as the Group’s income neither arises in, nor is derived from, Hong Kong for both years.

Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in relevant jurisdictions.

In addition, withholding tax of approximately RMB74,656,000 (2023: RMB38,307,000) has been provided during the year ended 31 December 2024 on inter-company interest expenses paid and dividend paid to Shandong Gold Mining (Hong Kong) Co., Limited (“SDG HK”), a direct wholly-owned subsidiary of the Company, from the joint operation namely MAS (note 16), which such interest expense were eliminated upon the proportional consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to profit before tax per consolidated statement of profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	5,613,137	3,488,212
Tax calculated at domestic income tax rate of 25% (2023: 25%)	1,403,284	872,053
Effect of different tax rates applicable to certain subsidiaries	(151,612)	(130,142)
Tax effect of income not taxable for tax purpose	(45,573)	(1,835)
Tax effect of expenses not deductible for tax purposes	21,113	17,741
Utilisation of tax losses previously not recognised	(260,420)	(143,656)
Tax effect of tax losses not recognised	318,645	137,142
Additional expenses allowance for tax deduction	(132,766)	(122,105)
Withholding tax on interest income and dividend income from the joint operation	74,656	38,307
Others	(1,789)	(2,536)
Income tax expense	1,225,538	664,969

Details of deferred taxation are set out in note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2024 RMB'000	2023 RMB'000
Directors' and chief executive emoluments (note 12(i))	3,834	6,210
Other staff:		
– salaries, wages, allowances and other benefits	5,297,207	4,560,887
– retirement benefit scheme contributions	776,467	699,724
	6,077,508	5,266,821
Amortisation of intangible assets	1,223,165	1,013,151
Depreciation of property, plant and equipment	3,675,374	2,919,397
Depreciation of investment properties	15,015	8,801
Depreciation of right-of-use assets	137,062	156,264
Auditors' remuneration	4,800	4,800
Loss on disposal/write-off of property, plant and equipment	16,151	12,448
Loss on disposal of investment properties	457	–
Loss arising on lease modifications	177	–
Impairment losses on property, plants and equipment	–	4,269
Impairment losses on intangible assets	8,372	–
Provision for impairment of trade and other receivables, net of reversal	101,506	61,514
Provision for impairment of inventories, net of reversal	5,432	3,517
Research and development expenses	770,411	487,195
Amount of inventories recognised as expenses	70,304,639	50,647,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

- (i) The emoluments paid or payable to each of the 9 (2023: 9) directors and the chief executive of the Company were as follows:

For the year ended 31 December 2024

	Director's fee RMB'000	Salaries, allowance and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Tang Qi (湯琦)	-	228	519	44	791
Mr. Liu Qin (劉欽)	-	255	762	44	1,061
Mr. Wang Shu Hai (王樹海)	-	-	-	-	-
<i>Non-executive directors</i>					
Mr. Li Hang (李航)	-	301	692	44	1,037
Mr. Wang Lijun (王立君) (Note i)	-	21	20	4	45
Ms. Wang Xiaoling (汪曉玲)	-	-	-	-	-
<i>Independent non-executive directors</i>					
Mr. Wang Yun Min (王運敏) (Note ii)	300	-	-	-	300
Mr. Liew Fui Kiang (劉懷鏡)	300	-	-	-	300
Ms. Zhao Feng (趙峰)	300	-	-	-	300
Total	900	805	1,993	136	3,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

- (i) The emoluments paid or payable to each of the 9 (2023: 9) directors and the chief executive of the Company were as follows: (Continued)

For the year ended 31 December 2023

	Director's fee RMB'000	Salaries, allowance and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Tang Qi (湯琦)	–	156	496	108	760
Mr. Liu Qin (劉欽)	–	176	738	107	1,021
Mr. Wang Shu Hai (王樹海)	–	–	482	–	482
<i>Non-executive directors</i>					
Mr. Li Hang (李航)	–	220	486	107	813
Mr. Wang Lijun (王立君) (Note i)	–	176	839	107	1,122
Ms. Wang Xiaoling (汪曉玲)	–	176	828	108	1,112
<i>Independent non-executive directors</i>					
Mr. Wang Yun Min (王運敏) (Note ii)	300	–	–	–	300
Mr. Liew Fui Kiang (劉懷鏡)	300	–	–	–	300
Ms. Zhao Feng (趙峰)	300	–	–	–	300
Total	900	904	3,869	537	6,210

Notes:

- (i) Resigned as a non-executive director with effect from 12 January 2024.
- (ii) Resigned as an independent non-executive director on 30 December 2024 and his resignation shall take effect upon the appointment of a new independent non-executive director or where the number of independent non-executive directors is not less than one-third of the board of directors of the Company.
- (iii) The emolument represents the payment to the directors (including emoluments for services as employee/director of the group entities prior to becoming the directors of the Company) by entities comprising the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

- (i) The emoluments paid or payable to each of the 9 (2023: 9) directors and the chief executive of the Company were as follows: *(Continued)*

Certain directors of the Company also received emoluments from the Company's holding company, Shandong Gold Group, and its fellow subsidiaries in respect of their services to the larger group which includes the Group. No apportionment has been made as the directors of the Company consider that it is impracticable to apportion this amount between their services rendered to the Group and their services rendered to Shandong Gold Group, and/or its fellow subsidiaries.

Discretionary bonuses disclosed above were determined by the Remuneration and Appraisal Committee of the Company with reference to the individual performance.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

The directors of the Company did not receive any termination benefits during the years ended 31 December 2024 and 2023.

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the reporting period or at any time during the years ended 31 December 2024 and 2023.

There were no other loans, quasi-loans and other dealings in favor of directors of the Company, their controlled bodies corporate and connected entities subsisted at the end of the reporting period or any time during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(ii) The emoluments paid or payable to each of the 3 (2023: 3) supervisors of the Company were as follows:

For the year ended 31 December 2024

	Fee RMB'000	Salaries, allowance and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>Supervisors</i>					
Mr. Li Xiaoping (李小平)	-	148	464	26	638
Ms. Liu Yanfen (劉延芬)	-	226	418	44	688
Mr. Luan Bo (樂波)	-	245	384	69	698
Total	-	619	1,266	139	2,024

For the year ended 31 December 2023

	Fee RMB'000	Salaries, allowance and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>Supervisors</i>					
Mr. Li Xiaoping (李小平)	-	176	839	107	1,122
Ms. Liu Yanfen (劉延芬)	-	150	336	108	594
Mr. Luan Bo (樂波)	-	149	366	153	668
Total	-	475	1,541	368	2,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(iii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	2024	2023
	Number of individuals	Number of individuals
Director	–	–
Non-directors	5	5
	5	5

The emoluments payable to the non-directors are as follows:

	2024	2023
	RMB'000	RMB'000
Wages, salaries and allowances	4,559	4,200
Performance related bonuses	6,750	5,829
Retirement benefit scheme contributions	221	540
	11,530	10,569

The emoluments to the non directors fell within the following bands:

	2024	2023
	Number of individuals	Number of individuals
Emolument bands (in Hong Kong dollars ("HK\$"))		
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	3	4
HK\$3,000,001 to HK\$3,500,000	1	–

All of the analysis on the highest paid individuals above did not take into account the emoluments paid to the employees of the joint operation of the Company.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the Directors and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Final dividend paid in respect of the year ended 31 December 2022 of RMB0.07 per share	–	313,140
Final dividend paid in respect of the year ended 31 December 2023 of RMB0.14 per share (Note a)	626,280	–
Interim dividend paid in respect of the six months ended 30 June 2024 of RMB0.08 per share (Note b)	357,874	–
	984,154	313,140

Notes:

- (a) 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 in an aggregate amount of approximately RMB626,280,000. The payment of final dividend has been resolved by the ordinary resolution in the annual general meeting of the Company on 6 June 2024, and the aforesaid final dividend payment was fully settled in 2024.
- (b) On 28 August 2024, the board of directors of the Company proposed the payment of an interim dividend for the six months ended 30 June 2024 of RMB0.08 per share to the shareholders of the Company in an aggregate amount of approximately RMB357,874,000. The payment of interim dividend has been resolved by the ordinary resolution in the extraordinary general meeting of the Company on 18 October 2024, and the aforesaid interim dividend payment was fully settled in 2024.

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

	2024 RMB'000	2023 RMB'000
Proposed final dividend after the date of the reporting period: RMB0.148 (2023: RMB0.14) per share	662,068	626,280

On 27 March 2025, the board of directors of the Company proposed the payment of a final dividend for the year ended 31 December 2024 of RMB0.148 per share to the shareholders of the Company. The payment of dividend will be proposed at the forthcoming annual general meeting of the Company.

14. 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:

	2024	2023
Profit attributable to owners of the Company (RMB'000) (Note)	2,493,846	1,803,893
Weighted average number of shares in issues (thousands of shares)	4,473,430	4,473,430
Basic earnings per share (RMB per share)	0.56	0.40

Note: During the year ended 31 December 2024, the profit for the year attributable to the holders of the Company's equity instruments was amounted to approximately RMB2,898,680,000 (2023: RMB2,267,383,000). For the calculation of basic and diluted earnings per share, the profit for the year attributable to owners of the Company during the year ended 31 December 2024 was amounted to approximately RMB2,493,846,000 (2023: RMB1,803,893,000), excluding the profit attributable to the holders of perpetual bonds of approximately RMB404,834,000 (2023: RMB463,490,000).

As the Company did not have any dilutive instruments during the years ended 31 December 2024 and 2023, the Group's diluted earnings per share was the same as its basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries of the Company as at 31 December 2024 and 2023:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Registered share capital/ paid-up capital	Effective equity interest of the Company				Principal activities
				2024		2023		
				Direct	Indirect	Direct	Indirect	
Shandong Gold Mining (Laizhou) Co., Ltd.* (山東黃金礦業(萊州)有限公司) ("SDG Laizhou")	The PRC	Contributed	RMB430,176,364	100%	-	100%	-	Gold mining in the PRC
Shandong Gold Smelting Co., Ltd.* (山東黃金冶煉有限公司)	The PRC	Contributed	RMB350,000,000	100%	-	100%	-	Gold and silver smelting in the PRC
Shandong Gold Mining Industry (Xinhui) Co., Ltd.* (山東黃金礦業(鑫匯)有限公司) ("SDG Xinhui")	The PRC	Contributed	RMB384,735,903	100%	-	100%	-	Gold mining in the PRC
Shandong Gold Mining (Linglong) Co., Ltd.* (山東黃金礦業(玲瓏)有限公司) ("SDG Linglong")	The PRC	Contributed	RMB402,306,600	100%	-	100%	-	Gold mining in the PRC
Shandong Jinshi Mining Co., Ltd.* (山東金石礦業有限公司)	The PRC	Contributed	RMB26,800,000	100%	-	100%	-	Mining investment in the PRC
Xihe Zhongbao Mining Co., Ltd.* (西和縣中寶礦業有限公司) ("Xihe Zhongbao")	The PRC	Contributed	RMB200,000,000	70%	-	70%	-	Gold Mining in the PRC
Shandong Gold Group Penglai Mining Co., Ltd.* (山東黃金集團蓬萊礦業有限公司)	The PRC	Contributed	RMB50,000,000	100%	-	100%	-	Gold mining in the PRC
Pingyi County Guilaizhuang Mining Co., Ltd.* (山東黃金歸來莊礦業有限公司) ("Guilaizhuang")	The PRC	Contributed	RMB621,670,000	70.65%	-	70.65%	-	Gold mining in the PRC
Shandong Jinzhou Mine Group Co., Ltd.* (山東金洲礦業集團有限公司) ("Shandong Jinzhou")	The PRC	Contributed	RMB80,172,426	100%	-	100%	-	Gold mining in the PRC (note 15(c)(ii))
Shandong Gold Mining (Laixi) Co., Ltd.* (山東黃金礦業(萊西)有限公司)	The PRC	Contributed	RMB214,000,000	100%	-	100%	-	Gold mining in the PRC
Shandong Gold Mining (Yinan) Co., Ltd.* (山東黃金礦業(沂南)有限公司)	The PRC	Contributed	RMB171,000,000	100%	-	100%	-	Gold mining in the PRC
Fujian Zhenghe County Yuanxin Mining Co., Ltd.* (福建省政和縣源鑫礦業有限公司) ("Fujian Zhenghe")	The PRC	Contributed	RMB54,000,000	90.31%	-	90.31%	-	Gold mining in the PRC
Chifeng Chaihulanzi Gold Mining Co., Ltd.* (赤峰柴胡蘭子黃金礦業有限公司) ("Chifeng Chai Gold")	The PRC	Contributed	RMB10,017,746	73.52%	-	73.52%	-	Gold mining in the PRC
Shandong Gold Mining (Hong Kong) Co., Limited	Hong Kong	Ordinary shares	RMB 4,531,145,600	100%	-	100%	-	Investment holding
SDG Capital Management Co., Ltd.* (山金金控資本管理有限公司)	The PRC	Contributed	RMB 1,500,000,000	100%	-	100%	-	Investment in equity funds, trading and leases of gold bullion
Hengxing Gold Holding Company Limited	Hong Kong	Ordinary shares	HK\$92,500,000	100%	-	100%	-	Mining and processing of gold and sales of gold products in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

The following is a list of the principal subsidiaries of the Company at 31 December 2024 and 2023: (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Registered share capital/ paid-up capital	Effective equity interest of the Company				Principal activities
				2024		2023		
				Direct	Indirect	Direct	Indirect	
Cardinal Resources Limited	Australia	Ordinary shares	AUD554,350,609	-	100%	-	100%	Mineral exploration and development in Ghana
Cardinal Namdini Mining Limited ("Cardinal Namdini")	Ghana	Ordinary shares	USD500,000	-	85%	-	85%	Mining and processing of gold and sales of gold products in Ghana
Shanjin Futures Co., Ltd.* (山金期貨有限公司) ("Shanjin Futures")	The PRC	Contributed	RMB600,000,000	-	100%	-	100%	Provision of futures contracts trading services
Shanjin Jinkong (Shanghai) Precious Metals Investment Co., Ltd.* (山金金控(上海)貴金屬投資有限公司)	The PRC	Contributed	RMB300,000,000	-	100%	-	100%	Trading of gold bullion and related products
Shanjin Jinkong (Shenzhen) Gold Investment Development Co., Ltd.* (山金金控(深圳)黃金投資發展有限公司) ("Shanjin Jinkong SZ")	The PRC	Contributed	RMB70,000,000	-	100%	-	100%	Investment in equity funds
Shandong Gold Mining Technology Co., Ltd.* (山東黃金礦業科技有限公司)	The PRC	Contributed	RMB160,000,000	100%	-	100%	-	Mining technology development in the PRC
Shanjin Heavy Industry Co., Ltd.* (山金重工有限公司)	The PRC	Contributed	RMB300,000,000	100%	-	100%	-	Manufacturing of equipment in the PRC
Xinjiang Jinchuan Mining Co., Ltd.* (新疆金川礦業有限公司)	The PRC	Contributed	RMB354,341,549	-	100%	-	100%	Gold mining in the PRC
Shandong Dikuang Lajin Holdings Co., Ltd.* (山東地礦來金控股有限公司)	The PRC	Contributed	RMB10,000,000	100%	-	-	100%	Gold mining in the PRC
Laizhou Hongsheng Mining Investment Co., Ltd.* (萊州鴻昇礦業投資有限公司)	The PRC	Contributed	RMB10,000,000	-	100%	-	100%	Gold mining in the PRC
Shandong Tiancheng Mining Co., Ltd.* (山東天承礦業有限公司)	The PRC	Contributed	RMB16,180,000	-	100%	-	100%	Gold mining in the PRC
Shanjin International Gold Co., Ltd.* (山金國際黃金股份有限公司) (formerly known as Yintai Gold)	The PRC	Contributed	RMB2,776,722,265	28.89%	-	28.89%	-	Precious metal and non-ferrous metal mining and processing and trading of metal in the PRC
Inner Mongolia Yulong Kuangye Co., Ltd.* (“Inner Mongolia Yulong”) (內蒙古玉龍礦業股份有限公司)	The PRC	Contributed	RMB401,520,000	-	22.15%	-	22.15%	Precious metal and non-ferrous metal mining and processing and trading of metal in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

The following is a list of the principal subsidiaries of the Company at 31 December 2024 and 2023: (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Registered share capital/ paid-up capital	Effective equity interest of the Company				Principal activities
				2024		2023		
				Direct	Indirect	Direct	Indirect	
Jilin Banmiaozhi Mining Co., Ltd.* (吉林板栗子礦業有限公司)	The PRC	Contributed	RMB125,041,000	-	27.45%	-	27.45%	Mining and processing of gold and sales of gold products in the PRC (Note i)
Qinghai Dachaidan Mining Co., Ltd.* (青海大柴旦礦業有限公司)	The PRC	Contributed	RMB194,838,510	-	26%	-	26%	Mining and processing of gold and sales of gold products in the PRC (Note i)
Shanghai Shenghong Rongxin International Trading Co., Ltd.* (上海盛鴻融信國際貿易有限公司) (former known as Yintai Shenghong Gongyinglian Guanli Ltd.* (銀泰盛鴻供應鏈管理股份有限公司))	The PRC	Contributed	RMB293,790,000	-	27.91%	-	27.91%	Product chain management in the PRC (Note i)
Mangshi Huasheng Jinkuang Kaifa Ltd.* (芒市華盛金礦開發有限公司)	The PRC	Contributed	RMB5,000,000	-	17.33%	-	17.33%	Mining and processing of gold and sales of gold products in the PRC (Note i)
Heihe Luoke Kuangye Kaifa Ltd.* (黑河洛克礦業開發有限責任公司)	The PRC	Contributed	USD40,660,000	-	28.89%	-	28.89%	Mining and processing of gold and sales of gold products in the PRC (Note i)
Shandong Jinzhou Group Qianling Mining Ltd.* (山東金洲集團千嶺礦業有限公司) ("Qianling Mining")	The PRC	Contributed	RMB10,000,000	-	100%	-	100%	Gold mining in the PRC (note 15(c)(iii))
Shanjin Mine Project (Shandong) Ltd.* (山金礦山工程(山東)有限公司)	The PRC	Contributed	RMB40,000,000	-	70%	-	70%	Mine project services in the PRC (Note ii)
Gansu Jinshun Mining Ltd.* (甘肅金舜礦業有限責任公司)	The PRC	Contributed	RMB450,000,000	-	60%	-	60%	Gold mining in the PRC (Note ii)
Baotou Changtai Mining Co., Ltd.* (包頭市昶泰礦業有限責任公司) ("Baotou Changtai")	The PRC	Contributed	RMB105,000,000	70%	-	N/A	N/A	Gold mining in the PRC (note 43)
Osino Resources Corp. ("Osino Resources")	Canada	Ordinary shares	Canadian dollars 121,566,239	-	100%	N/A	N/A	Mineral exploration and development in Namibia (note 43)

Except for Shanjin International and Inner Mongolia Yulong which are registered as company limited by shares under the PRC law, the nature of all the legal entities established in PRC is limited liability company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

(i) The Group owns 28.89% equity interest and holds 28.89% voting rights of Shanjin International as at 31 December 2024 and 2023. According to the factors as stated in note 4, Shanjin International and its subsidiaries (collectively referred to as the "Shanjin International Group") (formerly known as Yintai Gold Group) are accounting for as subsidiaries of the Group.

(ii) Capital injection to the subsidiaries during the year ended 31 December 2023.

* The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

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For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries are investment holding and inactive. The aggregation was shown below based on the geographical location and nature of business. A summary of these subsidiaries of the Company are set out as follows:

Principal activities	Place of establishment/ incorporation/operation	Number of subsidiaries	
		2024	2023
Investment holding	The PRC	1	2
Investment holding	Hong Kong	1	4
Investment holding	BVI	1	–
Inactive	Canada	1	1
Inactive	Ghana	3	3
Inactive	Australia	1	1
Inactive	The PRC	8	10
Inactive	Singapore	–	1
		16	22

None of the subsidiaries of the Company had issued any debt securities at the end of each reporting period.

(a) Material non-controlling interests

The carrying amount of non-controlling interests in respective subsidiaries of the Company with material non-controlling interests are analysed as below:

	2024	2023
	RMB'000	RMB'000
Xihe Zhongbao	379,896	316,702
Shanjin International Group (formerly known as Yintai Gold Group)	14,342,000	13,493,591
Guilaizhuang	239,993	232,101
Chifeng Chai Gold	341,141	292,451
Fujian Zhenghe	43,380	43,134
	15,346,410	14,377,979

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For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Xihe Zhongbao

(i) Summary of statement of financial position

	2024 RMB'000	2023 RMB'000
Current assets	261,290	259,175
Non-current assets	2,511,084	2,219,946
	2,772,374	2,479,121
Current liabilities	748,414	693,100
Non-current liabilities	272,955	204,060
	1,021,369	897,160
Net assets	1,751,005	1,581,961

(ii) Summary of statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	622,820	512,946
Profit before tax	238,379	184,298
Income tax expense	(27,732)	(24,944)
Profit and total comprehensive income for the year	210,647	159,354
Profit and total comprehensive income allocated to non-controlling interests	63,194	47,806
Dividends paid to non-controlling interests	-	-

(iii) Summary of statement of cash flows

	2024 RMB'000	2023 RMB'000
Net cash (used in) from operating activities	(26,872)	162,518
Net cash used in investing activities	(226,544)	(166,785)
Net cash from (used in) financing activities	270,896	(2,018)
Net increase (decrease) in cash and cash equivalents	17,480	(6,285)
Cash and cash equivalents at the beginning of the year	51,518	57,803
Cash and cash equivalents at the end of the year	68,998	51,518

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For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests (Continued)

Shanjin International Group (formerly known as Yintai Gold Group)

(i) Summary of statement of financial position

	2024 RMB'000	2023 RMB'000
Current assets	6,169,842	7,615,766
Non-current assets	18,118,174	16,010,716
	24,288,016	23,626,482
Current liabilities	1,853,852	2,406,421
Non-current liabilities	3,792,311	3,097,560
	5,646,163	5,503,981
Net assets	18,641,853	18,122,501

(ii) Summary of statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	13,585,441	3,435,564
Profit before tax	1,957,250	425,608
Income tax expense	(433,096)	(84,480)
Profit and total comprehensive income for the year	1,524,154	341,128
Profit and total comprehensive income allocated to non-controlling interests	1,083,826	238,167
Dividends paid to non-controlling interests	235,417	–

(iii) Summary of statement of cash flows

	2024 RMB'000	2023 RMB'000
Net cash from operating activities	3,871,259	794,482
Net cash (used in) from investing activities	(2,849,216)	73,956
Net cash used in financing activities	(431,309)	(597,132)
Net increase in cash and cash equivalents	590,734	271,306
Effect of foreign exchange rate changes	(919)	1,213
Cash and cash equivalents at beginning of the year/ the date of acquisition	1,823,609	1,551,090
Cash and cash equivalents at the end of the year	2,413,424	1,823,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests (Continued)

Guilaizhuang

(i) Summary of statement of financial position

	2024	2023
	RMB'000	RMB'000
Current assets	274,987	253,840
Non-current assets	922,380	906,778
	1,197,367	1,160,618
Current liabilities	338,017	348,509
Non-current liabilities	41,196	21,305
	379,213	369,814
Net assets	818,154	790,804

(ii) Summary of statement of comprehensive income

	2024	2023
	RMB'000	RMB'000
Revenue	371,973	388,162
Profit before tax	26,301	50,385
Income tax credit	587	394
Profit and total comprehensive income for the year	26,888	50,779
Profit and total comprehensive income allocated to non-controlling interests	7,892	14,904
Dividends paid to non-controlling interests	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests (Continued)

Guilaizhuang (Continued)

(iii) Summary of statement of cash flows

	2024	2023
	RMB'000	RMB'000
Net cash from operating activities	98,858	64,634
Net cash used in investing activities	(20,698)	(12,336)
Net cash from financing activities	27,591	5,536
Net increase in cash and cash equivalents	105,751	57,834
Cash and cash equivalents at the beginning of the year	72,697	14,863
Cash and cash equivalents at the end of the year	178,448	72,697

Chifeng Chai Gold

(i) Summary of statement of financial position

	2024	2023
	RMB'000	RMB'000
Current assets	180,236	108,715
Non-current assets	2,027,194	1,687,374
	2,207,430	1,796,089
Current liabilities	718,468	616,363
Non-current liabilities	223,677	104,709
	942,145	721,072
Net assets	1,265,285	1,075,017

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For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests (Continued)

Chifeng Chai Gold (Continued)

(ii) Summary of statement of comprehensive income

	2024	2023
	RMB'000	RMB'000
Revenue	814,841	739,822
Profit before tax	330,190	366,021
Income tax expense	(6,330)	(46,427)
Profit and total comprehensive income for the year	323,860	319,594
Profit and total comprehensive income allocated to non-controlling interests	85,758	84,619
Dividends paid to non-controlling interests	37,068	–

(iii) Summary of statement of cash flows

	2024	2023
	RMB'000	RMB'000
Net cash from operating activities	256,548	364,932
Net cash used in investing activities	(282,971)	(377,318)
Net cash from financing activities	86,141	31,653
Net increase in cash and cash equivalents	59,718	19,267
Cash and cash equivalents at the beginning of the year	100,537	81,270
Cash and cash equivalents at the end of the year	160,255	100,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(b) Summarised financial information on subsidiaries of the Company with material non-controlling interests (Continued)

Fujian Zhenghe

(i) Summary of statement of financial position

	2024 RMB'000	2023 RMB'000
Current assets	78,245	96,340
Non-current assets	569,511	518,091
	647,756	614,431
Current liabilities	198,932	168,103
Non-current liabilities	1,196	1,193
	200,128	169,296
Net assets	447,628	445,135

(ii) Summary of statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	150,296	148,265
Profit before tax	2,950	22,042
Income tax expense	(415)	(2,045)
Profit and total comprehensive income for the year	2,535	19,997
Profit and total comprehensive income allocated to non-controlling interests	246	1,937
Dividends paid to non-controlling interests	-	-

(iii) Summary of statement of cash flows

	2024 RMB'000	2023 RMB'000
Net cash from operating activities	52,290	35,213
Net cash used in investing activities	(61,106)	(62,067)
Net cash from financing activities	28,009	34,177
Net increase in cash and cash equivalents	19,193	7,323
Cash and cash equivalents at the beginning of the year	21,834	14,511
Cash and cash equivalents at the end of the year	41,027	21,834

Note: The above financial information has been shown before inter-company eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. SUBSIDIARIES OF THE COMPANY (Continued)

(c) Changes in ownership interest in subsidiaries

During the year ended 31 December 2023, the Group has the following changes in its ownership interest in subsidiaries that do not result in a loss of control.

- (i) During the year ended 31 December 2023, the Company acquired additional 39.22% equity interests in Shandong Jinzhou with cash consideration of approximately RMB399,692,000 from independent third parties. Upon the completion of the acquisition, the Company's interest in Shandong Jinzhou increased from 60.78% to 100%. The Group recognised a decrease in non-controlling interests of approximately RMB506,672,000 and an increase in equity attributable to owners of the Company of approximately RMB106,980,000.
- (ii) During the year ended 31 December 2023, the Company acquired additional additional 10% equity interests in Qianling Mining with cash consideration of approximately RMB750,000 from an independent third party. Upon the completion of the acquisition, the Company's interest in Qianling Mining increased from 90% to 100%. The Group recognised a decrease in non-controlling interests of approximately RMB13,699,000 and an increase in equity attributable to owners of the Company of approximately RMB12,949,000.
- (iii) On 16 November 2023, the Company intended to acquire additional equity interest of Shanjin International (formerly known as Yintai Gold) within six months from the open market at an aggregate consideration of not less than RMB1,288,000,000 and not more than RMB2,576,000,000. For details, please refer to the announcement of the Company dated 16 November 2023.

During 16 November 2023 to 31 December 2023, the Company acquired additional 5.79% equity interests in Shanjin International with cash consideration of approximately RMB2,352,309,000 from the open market. The Company's interest in Shanjin International increased from 23.1% to 28.89%. The Group recognised a decrease in non-controlling interests of approximately RMB928,108,000 and a decrease in equity attributable to owners of the Company of approximately RMB1,424,201,000.

16. JOINT OPERATION

As at 31 December 2024 and 2023, the Group had interest in the following joint operation:

Name of entity	Place of incorporation/ operation	Class of shares held	Effective equity interest of the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
MAS	Argentina	Shares	-	50%	-	50%	Gold Mining in Argentina

The Group and Barrick Gold Corporation ("Barrick Gold") jointly operate the Veladero Gold Mine held by MAS as joint operators. Both the Group and Barrick Gold have the right to the assets and obligations for the liabilities of MAS and are eligible to the products produced by the Veladero Gold Mine and recognise expenses as incurred by MAS in the proportion of 50% each. Accordingly, the Group has accounted for its investment in MAS as a joint operation and consolidated its proportionate share of the assets and liabilities, as well as its share of the revenue and expenses of MAS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2023					
Cost	10,115,309	25,716,499	11,111,254	6,032,189	52,975,251
Accumulated depreciation	(2,925,618)	(6,362,481)	(5,453,420)	–	(14,741,519)
Accumulated impairment	(22,160)	(55,358)	(8,590)	–	(86,108)
Currency translation differences	(65,544)	(758,853)	(245,182)	(49,642)	(1,119,221)
Net book amount	7,101,987	18,539,807	5,404,062	5,982,547	37,028,403
Year ended 31 December 2023					
Opening net book amount	7,101,987	18,539,807	5,404,062	5,982,547	37,028,403
Additions	921,421	5,560,700	766,083	5,119,612	12,367,816
Acquired on acquisition of subsidiaries (note 43)	738,670	1,757,398	86,542	353,624	2,936,234
Transfers upon completion of construction	828,755	2,383,241	–	(3,211,996)	–
Transfers from investment properties (note 18)	6,403	–	–	–	6,403
Disposals/write-off (Note a)	(821)	(32,663)	(15,013)	–	(48,497)
Depreciation charges	(712,634)	(1,558,647)	(648,116)	–	(2,919,397)
Impairment	–	–	(4,269)	–	(4,269)
Currency translation differences	58,861	687,638	214,940	29,823	991,262
Closing net book amount	8,942,642	27,337,474	5,804,229	8,273,610	50,357,955
As at 31 December 2023					
Cost	12,601,631	35,385,175	11,641,381	8,293,429	67,921,616
Accumulated depreciation	(3,630,146)	(7,921,128)	(5,794,051)	–	(17,345,325)
Accumulated impairment	(22,160)	(55,358)	(12,859)	–	(90,377)
Currency translation differences	(6,683)	(71,215)	(30,242)	(19,819)	(127,959)
Net book amount	8,942,642	27,337,474	5,804,229	8,273,610	50,357,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2024					
Cost	12,601,631	35,385,175	11,641,381	8,293,429	67,921,616
Accumulated depreciation	(3,630,146)	(7,921,128)	(5,794,051)	-	(17,345,325)
Accumulated impairment	(22,160)	(55,358)	(12,859)	-	(90,377)
Currency translation differences	(6,683)	(71,215)	(30,242)	(19,819)	(127,959)
Net book amount	8,942,642	27,337,474	5,804,229	8,273,610	50,357,955
Year ended 31 December 2024					
Opening net book amount	8,942,642	27,337,474	5,804,229	8,273,610	50,357,955
Additions	123,267	627,394	305,705	13,702,607	14,758,973
Acquired on acquisition of subsidiaries (note 43)	10,737	48,920	16,885	-	76,542
Transfers upon completion of construction	1,623,265	8,911,774	854,124	(11,389,163)	-
Transfers from investment properties (note 18)	10,829	-	5,244	-	16,073
Disposals/write-off (Note a)	(1,770)	(23,336)	(9,596)	-	(34,702)
Depreciation charges	(960,184)	(2,008,754)	(706,436)	-	(3,675,374)
Currency translation differences	4,583	64,466	25,483	17,391	111,923
Closing net book amount	9,753,369	34,957,938	6,295,638	10,604,445	61,611,390
As at 31 December 2024					
Cost	14,367,959	44,949,927	12,813,743	10,606,873	82,738,502
Accumulated depreciation	(4,590,330)	(9,929,882)	(6,500,487)	-	(21,020,699)
Accumulated impairment	(22,160)	(55,358)	(12,859)	-	(90,377)
Currency translation differences	(2,100)	(6,749)	(4,759)	(2,428)	(16,036)
Net book amount	9,753,369	34,957,938	6,295,638	10,604,445	61,611,390

Notes:

- (a) The disposals/write-off of the property, plant and equipment for the year ended 31 December 2024 included an amount of approximately RMB23,336,000 (2023: RMB32,663,000) which was arisen from the change in the discount rate used for the asset retirement obligations as disclosed in note 37.
- (b) The Group was in the process of applying the ownership certificates for certain buildings as follows:

	2024 RMB'000	2023 RMB'000
Net book value	599,899	580,659

- (c) As at 31 December 2024, the Group's motor vehicles with carrying amounts of approximately RMB973,000 (2023: Nil) were pledged as security for the Group's bank borrowings of approximately RMB364,000 (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INVESTMENT PROPERTIES

	RMB'000
As at 1 January 2023	
Cost	290,912
Accumulated depreciation	(114,722)
Net book amount	176,190
Year ended 31 December 2023	
Opening net book amount	176,190
Acquired on acquisition of subsidiaries (note 43)	3,406
Transfer to property, plant and equipment (note 17)	(6,403)
Depreciation	(8,801)
Closing net book amount	164,392
As at 31 December 2023	
Cost	283,347
Accumulated depreciation	(118,955)
Net book amount	164,392
Year ended 31 December 2024	
Opening net book amount	164,392
Disposal of investment properties	(457)
Transfer to property, plant and equipment (note 17)	(16,073)
Depreciation	(15,015)
Closing net book amount	132,847
As at 31 December 2024	
Cost	266,817
Accumulated depreciation	(133,970)
Net book amount	132,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INVESTMENT PROPERTIES (Continued)

As at 31 December 2024, the fair value valuation of the Group's investment properties was performed by China United Assets Appraisal Co., Ltd. (中聯資產評估集團有限公司) ("China United") and Shandong Zhongxin Assets Appraisal Co., Ltd. (山東中新資產評估有限公司), independent professional valuers not connected to the Group, to determine the fair value of the investment properties (2023: China United, an independent professional valuer not connected to the Group). The fair value of the investment properties was valued based on market comparison approach, which was arrived by reference to the recent market prices for similar properties in the similar locations and conditions. The fair value hierarchy has been grouped into fair value hierarchy Level 3. The details of fair value of the investment properties are as below:

	2024 RMB'000	2023 RMB'000
Fair value of investment properties	196,521	255,024

In estimating the fair value of the investment properties at the end of each reporting period, the highest and best use of the properties is their current use. There has been no change from the valuation technique used in current and prior years.

Amounts recognised in profit or loss for investment properties

	2024 RMB'000	2023 RMB'000
Rental income (note 5)	10,265	13,079
Less: Direct operating expenses from investment properties that generated rental income	(497)	(445)
	9,768	12,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. LEASES

(a) Right-of-use assets

	2024 RMB'000	2023 RMB'000
– leasehold land	1,440,055	1,346,814
– buildings	66,915	85,166
– machinery and others	37,131	60,994
	1,544,101	1,492,974

Right-of-use assets of approximately RMB1,440,055,000 (2023: RMB1,346,814,000) represented land use rights located in the PRC. The leasehold land was amortised over its useful life on a straight-line basis.

Besides, the Group had lease arrangements for buildings, machinery and others. During the year ended 31 December 2024, the lease terms were generally ranged from 2 to 26 years (2023: 2 to 26 years).

During the year ended 31 December 2024, additions to right-of-use assets of approximately RMB186,242,000 (2023: RMB88,473,000) of which RMB97,118,000 (2023: RMB86,467,000) was due to new land use rights acquired and RMB89,124,000 (2023: RMB2,006,000) was due to new leases entered or renewal of existing leases of buildings and machinery and others. Lease liabilities of approximately RMB89,124,000 (2023: RMB2,006,000) represented the new leases entered or renewal of existing leases by the Group during the year ended 31 December 2024.

During the year ended 31 December 2024, the Group entered into termination agreements with independent third parties, the lessor of its leased machineries, pursuant to which the relevant parties agreed to the early termination of the relevant lease contracts. On the date of lease modifications, the Group derecognised right-of-use assets of approximately RMB3,876,000 and lease liabilities of approximately RMB3,699,000, and recognised a loss arising on lease modifications of approximately RMB177,000 in “other gains and losses, net”.

During the year ended 31 December 2024, acquired on acquisition of subsidiaries in relation to right-of-use assets of nil (2023: RMB680,735,000) and RMB576,000 (2023: RMB27,633,000) represented land use rights and leased buildings respectively.

(b) Lease liabilities

	2024 RMB'000	2023 RMB'000
Analysed as:		
– non-current	124,369	108,361
– current	69,507	47,906
	193,876	156,267

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For the year ended 31 December 2024

19. LEASES (Continued)

(b) Lease liabilities (Continued)

Amounts payable under lease liabilities:

	2024 RMB'000	2023 RMB'000
Within one year	69,507	47,906
After one year but within two years	47,018	47,658
After two years but within five years	65,678	46,415
Over five years	11,673	14,288
	193,876	156,267
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(69,507)	(47,906)
Amounts due for settlement after 12 months	124,369	108,361

(c) Amounts recognised in profit or loss

	2024 RMB'000	2023 RMB'000
Depreciation expenses on right-of-use assets:		
– leasehold land	113,225	112,557
– buildings	14,512	23,933
– machinery and others	9,325	19,774
	137,062	156,264
Interest expense on lease liabilities	12,274	11,454
Expense relating to short-term leases	18,555	6,075

(d) Others

During the year ended 31 December 2024, the total cash outflows for leases amounted to approximately RMB82,344,000 (2023: RMB91,371,000).

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For the year ended 31 December 2024

20. INTANGIBLE ASSETS

	Mining and exploration rights RMB'000	Patent rights RMB'000	Software licenses RMB'000	Trademark and others RMB'000	Total RMB'000
As at 1 January 2023					
Cost	27,674,568	70,454	137,513	35,813	27,918,348
Accumulated amortisation	(7,008,645)	(43,185)	(73,332)	(23,628)	(7,148,790)
Impairment provision	(212,911)	–	–	–	(212,911)
Net book amount	20,453,012	27,269	64,181	12,185	20,556,647
Year ended 31 December 2023					
Opening net book amount	20,453,012	27,269	64,181	12,185	20,556,647
Additions	1,026,755	–	7,939	–	1,034,694
Acquired on acquisition of subsidiaries (note 43)	12,396,220	–	13,902	–	12,410,122
Amortisation charges	(982,178)	(5,796)	(18,722)	(6,455)	(1,013,151)
Closing net book amount	32,893,809	21,473	67,300	5,730	32,988,312
As at 31 December 2023					
Cost	41,097,543	70,454	159,354	35,813	41,363,164
Accumulated amortisation	(7,990,823)	(48,981)	(92,054)	(30,083)	(8,161,941)
Impairment provision	(212,911)	–	–	–	(212,911)
Net book amount	32,893,809	21,473	67,300	5,730	32,988,312
Year ended 31 December 2024					
Opening net book amount	32,893,809	21,473	67,300	5,730	32,988,312
Additions	12,997,541	85,587	49,199	2,846	13,135,173
Acquired on acquisition of subsidiaries (note 43)	2,752,661	–	–	–	2,752,661
Amortisation charges	(1,178,813)	(19,253)	(22,377)	(2,722)	(1,223,165)
Impairment provision	(8,372)	–	–	–	(8,372)
Closing net book amount	47,456,826	87,807	94,122	5,854	47,644,609
As at 31 December 2024					
Cost	56,847,745	156,041	208,553	38,659	57,250,998
Accumulated amortisation	(9,169,636)	(68,234)	(114,431)	(32,805)	(9,385,106)
Impairment provision	(221,283)	–	–	–	(221,283)
Net book amount	47,456,826	87,807	94,122	5,854	47,644,609

During the year, the amortisation of intangible assets of the Company amounting to approximately RMB1,223,165,000 (2023: RMB1,013,151,000) was mainly included in cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL

	2024	2023
	RMB'000	RMB'000
At cost and carrying amount		
Goodwill on business combinations in the PRC (Note a)	10,485,376	10,385,099
Goodwill on acquisition of the joint operation (Note b)	1,042,959	1,042,959
Currency translation differences	63,738	47,465
	11,592,073	11,475,523

Notes:

- (a) Goodwill on business combinations in the PRC

The amount represented the goodwill arising from the Group's acquisition of subsidiaries in the PRC.

	2024	2023
	RMB'000	RMB'000
Gold mining – Chifeng Chai Gold	65,340	65,340
Gold mining – Guilaizhuang	55,354	55,354
Gold mining – Dikuang Laijin	339,427	339,427
Gold mining – Hengxing	87,252	87,252
Gold mining – Baotou Changtai	100,277	–
Gold and non-ferrous metals mining, processing and trading – Shanjin International (formerly known as Yintai Gold)	9,784,150	9,784,150
Investment management – Shanjin Futures	53,576	53,576
	10,485,376	10,385,099

The balance comprised of the goodwill arising from (i) the acquisition of Chifeng Chai Gold in December 2008 of approximately RMB65,340,000; (ii) the goodwill taken up upon the acquisition of Guilaizhuang in October 2016 (an acquisition which has been accounted for as a business combination involving an entity under common control) of approximately RMB55,354,000; (iii) the acquisition of Shanjin Futures by SDG Capital Management in September 2013 of approximately RMB132,757,000 and reduction of approximately RMB79,181,000 due to the disposal of Shanghai Shengju Asset Management; (iv) goodwill of approximately RMB339,427,000 arising from the acquisition of Dikuang Laijin by Shandong Gold Group in 2020 and taken upon by the Group through a business combination involving entities under common control; (v) goodwill from acquisition of Hengxing in January 2021 of approximately RMB87,252,000; (vi) goodwill from acquisition of Shanjin International in August 2023 of approximately RMB9,784,150,000; and (vii) goodwill from acquisition of Baotou Changtai in April 2024 of approximately RMB100,277,000.

During the year ended 31 December 2024, the management of the Group determines that there are no impairment of any of the above cash-generating units containing goodwill, intangible assets and property, plant and equipment (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL (Continued)

Notes: (Continued)

(a) Goodwill on business combinations in the PRC (Continued)

The basis of the recoverable amounts of the above cash-generating units and their major underlying assumptions are summarised below:

(i) Goodwill arising from acquisition of Chifeng Chai Gold in Gold Mining segment

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Chifeng Chai Gold and concluded that no impairment required to be recognised. The recoverable amount of Chifeng Chai Gold has been determined based on value-in-use calculation. In performing the value-in-use calculation of Chifeng Chai Gold as at 31 December 2024, the management of the Group has engaged China United (2023: China United), an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering the life of mine, and with a pre-tax discount rate of 9.39% (2023: 12.19%) and negative growth rate of gold price at 2.73% (2023: negative growth rate at 1.95%). The growth rate of gold price used over the cash flow projections was reference to the historical gold price. Other key assumptions for the value-in-use calculation include mining costs and gold reserves. Such assumptions are estimated based on the past performance of gold mining activities of Chifeng Chai Gold. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Chifeng Chai Gold to exceed the aggregate recoverable amount of Chifeng Chai Gold.

(ii) Goodwill taken up upon the acquisition of Guilaizhuang in Gold Mining segment

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Guilaizhuang and concluded that no impairment required to be recognised. The recoverable amount of Guilaizhuang has been determined based on value-in-use calculation. In performing the value-in-use calculation of Guilaizhuang as at 31 December 2024, the management of the Group has engaged China United (2023: China United), an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering the life of mine, and with a pre-tax discount rate of 9.77% (2023: 9.2%) and negative growth rate of gold price at 2.73% (2023: negative growth rate at 0.67%). The growth rate of gold price used over the cash flow projections was reference to the historical gold price. Other key assumptions for the value-in-use calculation include mining costs and gold reserves. Such assumptions are estimated based on the past performance of gold mining activities of Guilaizhuang. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Guilaizhuang to exceed the aggregate recoverable amount of Guilaizhuang.

(iii) Goodwill arising from acquisition of Shanjin Futures in Investment Management segment

The management of the Group has performed impairment assessment on the goodwill containing in the cash-generating unit – Shanjin Futures and concluded that no impairment required to be recognised. The recoverable amount of Shanjin Futures has been determined based on value-in-use calculation. In performing the value-in-use calculation of Shanjin Futures as at 31 December 2024, the management of the Group has engaged China United (2023: China United), an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering 5-year period, and with a pre-tax discount rate of 14.14% (2023: 14.07%). The growth rate used over the cash flow projections was reference to the historical brokerage fee received. Other key assumptions for the value-in-use calculation include selling expenses and general and administrative expenses. Such assumptions are estimated based on the past performance of Shanjin Futures. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Shanjin Futures to exceed the aggregate recoverable amount of Shanjin Futures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL (Continued)

Notes: (Continued)

(a) Goodwill on business combinations in the PRC (Continued)

(iv) Goodwill taken up upon the acquisition of Dikuang Laijin in Gold Mining segment

Prior to the business combination of Dikuang Laijin with the Company, Dikuang Laijin was acquired by Shandong Gold Group during the year ended 31 December 2020, the amount of goodwill arising as a result of the acquisition was approximately RMB339,427,000. As stated in note (a), the Group acquired Dikuang Laijin from the Shandong Gold Group in 2021 and accounted for the acquisition as business combination under common control. The Group's consolidated financial statements incorporate the financial information of the Dikuang Laijin as if it had been combined since the date when Dikuang Laijin first came under control of Shandong Gold Group. The difference of the consideration paid by Shandong Gold Group and the net asset value of Dikuang Laijin in amount of RMB1,363,104,000 was recognised in capital reserve of the Company upon the completion.

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Dikuang Laijin and concluded that no impairment required to be recognised. The recoverable amount of Dikuang Laijin has been determined based on value-in-use calculation. In performing the value-in-use calculation of Dikuang Laijin as at 31 December 2024, the management of the Group has engaged China United (2023: China United), an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering the life of mine, and with a pre-tax discount rate of 11.48% (2023: 11.61%) and negative growth rate of gold price at 2.73% (2023: negative growth rate at 0.34%). The growth rate of gold price used over the cash flow projections was reference to the historical gold price. Other key assumptions for the value-in-use calculation include mining costs and gold reserves. Such assumptions are estimated based on the past performance of similar gold size mining activities of Dikuang Laijin. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Dikuang Laijin to exceed the aggregate recoverable amount of Dikuang Laijin.

(v) Goodwill taken up upon the acquisition of Hengxing

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Hengxing Group and concluded that no impairment required to be recognised. The recoverable amount of Hengxing Group has been determined based on value-in-use calculation. In performing the value-in-use calculation of Hengxing Group as at 31 December 2024, the management of the Group has engaged China United (2023: China United), an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering the life of mine, and with a pre-tax discount rate of 9.94% (2023: 10.45%) and negative growth rate of gold price at 2.73% (2023: negative growth rate at 0.84%). The growth rate of gold price used over the cash flow projections was reference to the historical gold price. Other key assumptions for the value-in-use calculation include mining costs and gold reserves. Such assumptions are estimated based on the past performance of gold mining activities of Hengxing Group. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Hengxing Group to exceed the aggregate recoverable amount of Hengxing Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL (Continued)

Notes: (Continued)

(a) Goodwill on business combinations in the PRC (Continued)

(vi) Goodwill taken up upon the acquisition of Shanjin International (formerly known as Yintai Gold)

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Shanjin International Group (formerly known as Yintai Gold Group) and concluded that no impairment required to be recognised. The recoverable amount has been determined based on the fair value less costs of disposal (“FVLCD”) of the Shanjin International Group. The key assumptions and estimates used in determining the FVLCD are control premium and synergy effect. In addition, assumptions are related to observable market evaluation metrics, including the share price of Shanjin International. The management of the Group considered that the above valuation as at 31 December 2024 was grouped into the fair value hierarchy level 3.

(vii) Goodwill taken up upon the acquisition of Baotou Changtai

The management of the Group has performed impairment assessment on the goodwill, intangible assets and property, plant and equipment containing in the cash-generating unit – Baotou Changtai and concluded that no impairment required to be recognised. The recoverable amount of Baotou Changtai has been determined based on value-in-use calculation. In performing the value-in-use calculation of Baotou Changtai as at 31 December 2024, the management of the Group has engaged China United, an independent valuer not connected to the Group. The calculation uses cash flow projections based on a financial budget approved by the management of the Group covering the life of mine, and with a pre-tax discount rate of 13.82% and negative growth rate of gold price at 2.73%. The growth rate of gold price used over the cash flow projections was reference to the historical gold price. Other key assumptions for the value-in-use calculation include mining costs and gold reserves. Such assumptions are estimated based on the past performance of gold mining activities of Baotou Changtai. Management of the Group believes that any reasonably change in any of these assumptions would not cause the aggregate carrying amount of Baotou Changtai to exceed the aggregate recoverable amount of Baotou Changtai.

(b) Goodwill on acquisition of the joint operation

The goodwill of US\$153,956,000, equivalent to approximately RMB1,042,959,000, was resulted from the acquisition of 50% equity interest in MAS on 30 June 2017 (note 16). MAS are principally engaged in the gold mining in Argentina. The goodwill was allocated to the Veladero Gold Mine owned by MAS.

The management of the Group has engaged an independent valuer, Ernst & Young LLP (“E&Y LLP”), in performing the impairment assessment on the aforesaid goodwill and concluded that no impairment charge has to be recognised. The recoverable amount has been determined based on the FVLCD of the Veladero Gold Mine. The key assumptions and estimates used in determining the FVLCD are gold price per ounce, pre-tax discount rate, net asset value multiples for gold assets, operating costs, exchange rates, capital expenditures, the LOM production profile and continued license to operate. In addition, assumptions are related to observable market evaluation metrics, including identification of comparable entities, and associated market values per ounce and per pound of reserves and/or resource as well as the valuation of resources beyond what is included in LOM plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. GOODWILL (Continued)

Notes: (Continued)

(b) Goodwill on acquisition of the joint operation (Continued)

The key assumptions as adopted by the management of the Group and E&Y LLP in determining the FVLCD of the Veladero Gold Mine were as follows:

Key assumptions	Approach to determining key assumption
Gold price per ounce	Estimates based on observable market or publicly available data.
Pre-tax discount rate (%)	Reflected specific risks relating to the Veladero Gold Mine and the country in which it operates.
NAV multiples for gold assets (range)	Based on the NAV multiples observed in the market transactions in recent years, adjusted for factors applicable to the Veladero Gold Mine.
LOM years	Based on life of mine plans prepared by management of the Veladero Gold Mine.

As at 31 December 2024 and 2023, the impairment assessment as conducted by the management of the Group and E&Y LLP reveals that the recoverable amount of the goodwill is estimated to be above its carrying amount.

The details of the key assumptions used in the calculation of the recoverable amount of the Veladero Gold Mine are as follows:

	2024	2023
Gold price per ounce	US\$2,700	US\$1,950
Post-tax discount rate (%)	10.79%	10.75%
Net asset value multiples for gold assets	1.16	1.15
LOM years	10	11

The management of the Group considered that the above valuation as at 31 December 2024 and 2023 was grouped into the fair value hierarchy level 3.

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For the year ended 31 December 2024

22. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
At the beginning of the year	2,521,951	1,988,901
Injection of share capital in an associate	–	552,003
Share of post-acquisition results and other comprehensive income, net of dividends received	4,982	(18,953)
At the end of the year	2,526,933	2,521,951

Details of the associates of the Group as at 31 December 2024 and 2023 are set out below:

Name of associates	Place of incorporation/ establishment	Class of shares held	Effective equity interest of the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
Shandong Gold Group Finance Co., Ltd.* (山東黃金集團財務有限公司) ("SDG Group Finance")	The PRC	Contributed	30%	–	30%	–	Provision for loan financing
Laizhou Huijin Mining Investment Ltd.* (萊州匯金礦業投資有限公司) ("Huijin Mining")	The PRC	Contributed	–	39%	–	39%	Provision for gold mining in the PRC
Shanghai Lide Shanjin Asset Management Co., Ltd.* (上海利得山金資產管理有限公司) ("Shanghai Lide")	The PRC	Contributed	–	40%	–	40%	Provision for asset management and investment management

* The English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. INVESTMENTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the associate, SDG Group Finance and Huijin Mining, which is material to the Group and are accounted for using equity method is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

SDG Group Finance

(i) Summary of statement of financial position

	2024 RMB'000	2023 RMB'000
Non-current assets	2,505,605	2,770,083
Current assets	11,837,802	10,553,144
Non-current liabilities	(26,868)	–
Current liabilities	(10,699,151)	(9,729,412)
Net assets	3,617,388	3,593,815

(ii) Summary of statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	347,128	210,589
Profit for the year and total comprehensive income for the year	118,586	102,785
Group's share of result and other comprehensive income	35,576	30,836
Dividends received from the associate during the year	28,503	34,190

(iii) Reconciliation of summarised financial information

	2024 RMB'000	2023 RMB'000
Net assets of SDG Group Finance	3,617,388	3,593,815
Proportion of the Group's ownership in SDG Group Finance	30%	30%
Share of net assets	1,085,216	1,078,144

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For the year ended 31 December 2024

22. INVESTMENTS IN ASSOCIATES (Continued)

Huijin Mining

(i) Summary of statement of financial position

	2024 RMB'000	2023 RMB'000
Non-current assets	3,372,362	2,744,842
Current assets	518,929	242,869
Non-current liabilities	(696,254)	(642,773)
Current liabilities	(1,900,892)	(1,120,793)
Net assets	1,294,145	1,224,145

(ii) Summary of statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	120	1,474
Loss for the year and total comprehensive expense for the year	(5,000)	(40,038)
Group's share of result and other comprehensive expense	(1,950)	(15,615)
Dividends received from the associate during the year	-	-

(iii) Reconciliation of summarised financial information

	2024 RMB'000	2023 RMB'000
Net assets of Huijin Mining	1,294,145	1,224,145
Proportion of the Group's ownership in Huijin Mining	39%	39%
Share of net assets	504,717	477,417
Goodwill and other adjustments	933,032	962,282
Carrying amount of the Group's investment in Huijin Mining	1,437,749	1,439,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. INVESTMENTS IN ASSOCIATES (Continued)

Other immaterial associates

The financial information and carrying amount, of the Group's investment in associates that is not individually material and are accounted for using the equity method are set out below:

	Shanghai Lide	
	2024 RMB'000	2023 RMB'000
Group's share of result and other comprehensive (expense) income for the year	(141)	16
Carrying amount of the Group's interest	3,968	4,108

23. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets at FVTOCI	-	-	28,720	28,720
Financial assets at FVTPL	-	8,232,893	-	8,232,893
Trade and other receivables, excluding non-financial assets	6,260,944	-	-	6,260,944
Restricted bank deposits	1,145,644	-	-	1,145,644
Bank balances and cash	9,931,631	-	-	9,931,631
Total	17,338,219	8,232,893	28,720	25,599,832

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Total RMB'000
As at 31 December 2023				
Financial assets at FVTOCI	-	-	28,720	28,720
Financial assets at FVTPL	-	8,995,248	-	8,995,248
Trade and other receivables, excluding non-financial assets	4,495,930	-	-	4,495,930
Restricted bank deposits	1,871,539	-	-	1,871,539
Bank balances and cash	8,352,903	-	-	8,352,903
Total	14,720,372	8,995,248	28,720	23,744,340

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For the year ended 31 December 2024

23. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

(b) Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
As at 31 December 2024			
Trade and other payables, excluding non-financial liabilities	24,658,937	–	24,658,937
Financial liabilities designated at FVTPL	–	874,566	874,566
Borrowings	59,375,848	–	59,375,848
Bonds payable	4,000,000	–	4,000,000
Other non-current liabilities	1,990,420	–	1,990,420
Total	90,025,205	874,566	90,899,771

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
As at 31 December 2023			
Trade and other payables, excluding non-financial liabilities	17,628,155	–	17,628,155
Borrowings	51,143,965	–	51,143,965
Financial liabilities designated at FVTPL	–	801,362	801,362
Other non-current liabilities	1,431,075	–	1,431,075
Total	70,203,195	801,362	71,004,557

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI include the following:

	2024 RMB'000	2023 RMB'000
Unlisted equity securities, classified under non-current assets	28,720	28,720

The directors of the Company, after taking into consideration all relevant facts and circumstances, concluded that the information and the disclosures related to financial assets at FVTOCI as at 31 December 2024 and 2023 are not material to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL include the following:

	2024 RMB'000	2023 RMB'000
Financial assets at FVTPL include the following:		
– listed equity investments	4,632,356	5,008,796
– investments in equity funds	2,291,611	2,678,644
– structured deposits	1,307,007	1,051,488
– listed gold futures contracts	1,919	256,320
	8,232,893	8,995,248

	2024 RMB'000	2023 RMB'000
Analysed as:		
– listed	4,634,275	5,265,116
– unlisted	3,598,618	3,730,132
	8,232,893	8,995,248

	2024 RMB'000	2023 RMB'000
Analysed for reporting purpose as:		
– current assets	3,751,292	4,165,391
– non-current assets	4,481,601	4,829,857
	8,232,893	8,995,248

Details of the fair value measurement of financial assets at FVTPL are disclosed in note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	1,551,854	1,600,527
Work in progress	2,868,797	4,475,371
Finished goods	2,593,998	3,381,523
Others	726,237	525,931
	7,740,886	9,983,352
Less: Non-current portion (Note a)	(921,140)	(1,135,305)
	6,819,746	8,848,047

Notes:

- (a) The non-current portion of inventories represents gold ores that the Group does not expect to process in the next 12 months.
- (b) Movement of the provision for inventories is as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	3,904	387
Provision, net of reversal	5,432	3,517
At the end of the year	9,336	3,904

27. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments for:		
– construction in progress and equipment	418,865	397,553
– land use rights	111,390	105,103
Value-added tax recoverable	296,433	105,243
Others	77,368	61,029
Total	904,056	668,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. PREPAYMENT, TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (Note a)		
– related parties (note 44(d))	182,190	105,557
– third parties	336,040	434,696
	518,230	540,253
Less: Allowance for impairment losses (Note d)	(25,181)	(20,288)
Trade receivables, net	493,049	519,965
Notes receivables (Note f)	123,886	200,377
Value-added tax recoverable	300,385	333,040
Prepayments	472,575	523,347
	896,846	1,056,764
Other receivables		
– amounts due from related parties (Note c and note 44(d))	16,115	10,316
– deposits	260,575	161,371
– payments on behalf of third parties	545,535	355,576
– gold leasing receivables	670,518	566,374
– deposits with exchanges and non-bank financial institutions (Note g)	3,843,100	2,614,139
– others	723,228	386,261
	6,059,071	4,094,037
Less: Allowance for impairment losses (Note e)	(415,062)	(318,449)
Other receivables, net	5,644,009	3,775,588
Total	7,033,904	5,352,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. PREPAYMENT, TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) The Group did not allow any credit period to its trade customers. Ageing analysis of trade receivables at the end of each reporting period based on invoice dates which approximated the respective revenue recognition dates were as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	486,878	523,858
1-2 years	23,097	6,937
2-3 years	1,044	572
Over 3 years	7,211	8,886
	518,230	540,253
Less: Allowance for impairment losses (Note e)	(25,181)	(20,288)
	493,049	519,965

As at 31 December 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB518,230,000 (2023: RMB540,253,000).

- (b) Details of the ECL model on the allowance for impairment losses of trade receivables are set out in note 3.1(b)(ii).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

- (c) Amounts due from related parties mainly represented payments on behalf of related parties and these amounts are unsecured, interest free and repayable on demand.

- (d) Movement of the allowance for impairment losses of trade receivables is as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	20,288	12,042
Provision, net of reversal	4,893	8,246
At the end of the year	25,181	20,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. PREPAYMENT, TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(e) Movement of the allowance for impairment losses of other receivables is as follows:

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	11,486	48,824	204,871	265,181
Transfer	–	(48,824)	48,824	–
Impairment losses recognised	6,038	–	47,230	53,268
As at 31 December 2023	17,524	–	300,925	318,449
Impairment losses recognised	1,442	–	95,171	96,613
As at 31 December 2024	18,966	–	396,096	415,062

Details of the ECL model on the impairment of other receivables based on the provision matrix are set out in notes 2.10.3 and 3.1(b)(i).

There are no collaterals for other receivables.

The Group writes off other receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

- (f) The notes receivables amounted to approximately RMB123,886,000 (2023: RMB200,377,000) was aged within one year. The notes receivables should be classified as financial assets at FVTOCI. In view of immateriality as determined by the directors of the Company, such reclassification has not been made.
- (g) The details of the deposits with the exchanges and the non-bank financial institutions at the end of each reporting period are presented as follows:

	2024 RMB'000	2023 RMB'000
Deposits with futures and commodity exchanges in the PRC	3,816,518	2,529,789
Shanghai International Energy Exchange Co., Ltd.* (上海國際能源交易中心股份有限公司)	26,582	84,350
	3,843,100	2,614,139

* The English name is for identification purpose only.

29. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Restricted bank deposits

	2024 RMB'000	2023 RMB'000
Restricted bank deposits		
– current	1,145,644	1,871,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH (Continued)

(a) Restricted bank deposits (Continued)

The analysis of restricted bank deposits at the end of each reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Security deposits for issuance of notes payable (note 30(b))	730,772	1,531,200
Security deposits for environmental restoration and governance	392,569	319,409
Security deposits for gold trading accounts and others	22,303	20,930
	1,145,644	1,871,539

The restricted bank deposits carried prevailing market interest rates at the end of each reporting period.

(b) Bank balances and cash

	2024 RMB'000	2023 RMB'000
Cash on hand	519	649
Short-term deposits of original maturity within 3 months in the banks and other financial institutions	4,808,648	2,824,652
Short-term deposits in the associate, SDG Group Finance (note 44(d))	3,273,798	3,208,782
Cash held on behalf of customers for futures contracts trading (Note)	1,848,666	2,318,820
	9,931,631	8,352,903

Note: The Group maintains accounts with banks to hold customers' deposits arising from brokerage services for futures contracts trading. The Group had recognised the corresponding amount in "Payable to brokerage clients" in note 30.

The bank balances and cash include demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carried prevailing market interest rates at the end of each reporting period.

The conversion of RMB-denominated deposits into foreign currencies and remittance out of the PRC are subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government.

For the purpose of the consolidated statement of cash flow, bank balances and cash include the following:

	2024 RMB'000	2023 RMB'000
Cash and bank balances on the consolidated statement of financial position	9,931,631	8,352,903
Less: Cash held on behalf of customers for futures contracts trading	(1,848,666)	(2,318,820)
	8,082,965	6,034,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables (Note a)		
– third parties	3,176,005	2,377,937
– related parties (note 44(d))	659,193	248,811
	3,835,198	2,626,748
Notes payable (Note b)		
– third parties	2,662,928	3,783,344
– related parties (note 44(d))	204,695	134,244
	2,867,623	3,917,588
Contract liabilities (Note c)	427,135	327,350
Payable for purchases of property, plant and equipment and mining rights	6,162,139	3,254,543
Deposits received from contractors	2,333,000	1,812,663
Purchase consideration payable	1,889,552	1,007,823
Other taxes payable	230,772	208,275
Dividends payable to related parties (note 44(d))	22,506	22,506
Dividends payable to former shareholder of a subsidiary	22,505	36,161
Other payables due to related parties (Note d and note 44(d))	4,417,637	2,205,540
Salaries and staff welfare payable	626,183	514,624
Payable to brokerage clients (Note e)	4,339,318	3,605,611
Others	476,276	437,011
	20,519,888	13,104,757
	27,649,844	19,976,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. TRADE AND OTHER PAYABLES (Continued)

Notes:

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

	2024 RMB'000	2023 RMB'000
Less than 1 year	3,803,054	2,602,006
1-2 years	15,213	11,092
2-3 years	9,364	5,417
Over 3 years	7,567	8,233
	3,835,198	2,626,748

- (b) Ageing analysis of notes payable at the end of the reporting period based on issue dates of the notes payable were as follows:

	2024 RMB'000	2023 RMB'000
Less than 1 year	2,867,623	3,917,588

Certain of the Group's restricted bank deposits have been secured to banks for the issue of certain notes payable, and presented as follows:

	2024 RMB'000	2023 RMB'000
Restricted bank deposits secured to banks for issuance of notes (note 29(a))	730,722	1,531,200
Notes payable being secured	731,026	1,071,846

- (c) As at 1 January 2023, the contract liabilities amounted to approximately RMB246,865,000. Contract liabilities include advances received for the sales of gold and related products. As at 31 December 2024, the increase in contract liabilities was due to the increase in sales transactions and more deposits are received in 2024. The performance obligations would be satisfied upon the time of delivery of the gold and related products.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year was approximately RMB327,350,000 (2023: RMB246,865,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

- (d) The amounts are unsecured, interest-free and repayable on demand.
- (e) The balance includes money held on behalf of clients at banks and at clearing houses by the Group. The balance is interest-bearing at the prevailing market interest rate and is repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. BORROWINGS

	2024 RMB'000	2023 RMB'000
Non-current:		
Long-term bank borrowings		
– unsecured (Note a(i))	25,930,700	23,136,631
– secured (Note a(v))	364	–
Borrowings from SDG Group Finance (note 44(c))		
– unsecured (Note a(ii))	678,900	74,700
	26,609,694	23,211,331
Current:		
Short-term bank borrowings		
– unsecured (Note a(i))	21,467,872	14,595,268
– secured (Note a(iv))	391	–
Borrowings from SDG Group Finance (note 44(c))		
– unsecured (Note a(ii))	1,566,987	1,727,000
Ultra short-term financing bonds (Note b)	–	1,316,184
Gold leasing		
– unsecured (Note a(iii))	9,730,904	10,294,182
	32,766,154	27,932,634
	59,375,848	51,143,965

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2024 RMB'000	2023 RMB'000
Within one year	32,766,154	27,932,634
After one year but within two years	11,173,584	5,847,881
After two years but within five years	12,333,210	16,113,450
Over five years	3,102,900	1,250,000
	59,375,848	51,143,965
Less: Amounts due within one year shown under current liabilities	(32,766,154)	(27,932,634)
	26,609,694	23,211,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. BORROWINGS (Continued)

Notes:

(a) Borrowings

- (i) The unsecured bank borrowings of approximately RMB6,331,463,000 (2023: RMB4,245,831,000) carry interests at fixed market rates of 1% to 6.5% (2023: 0.05% to 4.3%) per annum.

The unsecured bank borrowings of approximately RMB41,067,109,000 (2023: RMB33,486,068,000) carry interests at floating interest rate of People's Bank of China's Benchmark Lending Rate minus by 0.24% to 1.3% per annum or floating interest rate of SOFR plus 0.65% to 1% (2023: floating interest rate of People's Bank of China's Benchmark Lending Rate minus by 0.24% to 1.7% per annum or floating interest rate of SOFR plus 0.95% to 1.53%).

- (ii) As at 31 December 2024, the unsecured borrowings from SDG Group Finance carried fixed interest rate ranging from 2.2% to 4% (2023: 2.2% to 3.8%) per annum.
- (iii) For gold leasing, the Group entered into forward contracts with the same quantity, specification and maturity with the same gold leasing banks, and agreed that on maturity of the leases, the Group would purchase gold from those gold leasing banks with the same quantity and specification at specific prices denominated in Renminbi to return the leased gold. The Group considered that under such gold leasing business model, the banks entirely bore the risk of gold price fluctuation during the gold leasing period. The Group only bore the agreed gold leasing fee and the related handling fee. Therefore, the Group included the leased gold in short-term borrowings.
- (iv) As at 31 December 2024, short-term bank borrowings of approximately RMB391,000 (2023: Nil) was secured by the pledge of the Group's bank deposits. The aforesaid bank borrowings carry fixed interest rate of 4.37% per annum.
- (v) As at 31 December 2024, long-term bank borrowings of approximately RMB364,000 (2023: Nil) was secured by the pledge of the Group's motor vehicles. The aforesaid bank borrowings carry fixed interest rate ranging from 12.50% to 13.25%.

(b) Ultra short-term financing bonds

The Company issued ultra short-term financing bonds on 21 April 2022, 27 October 2022, 5 December 2022 and 6 December 2022 respectively. These ultra short-term financing bonds, with nominal values amounting to approximately RMB700,000,000, RMB500,000,000, RMB500,000,000 and RMB1,000,000,000 respectively, carried a coupon rate of 2.2%, 1.77%, 2.35% and 2.28% per annum respectively, and were due and payable on 13 January 2023, 20 July 2023, 1 September 2023 and 4 June 2023, respectively. The aforesaid ultra short-term financing bonds was fully settled in 2023.

The Company issued ultra short-term financing bonds on 31 May 2023 and 1 June 2023 respectively. These ultra short-term financing bonds, with nominal values amounting to approximately RMB600,000,000 and RMB700,000,000 respectively, carried a coupon rate of 2.13% and 2.12% per annum respectively, and were due and payable on 26 January 2024 and 2 February 2024, respectively. The aforesaid ultra short-term financing bonds was fully settled in 2024.

The Company issued ultra short-term financing bonds on 1 February 2024 and 26 February 2024 respectively. These ultra short-term financing bonds, with nominal values amounting to approximately RMB700,000,000 and RMB1,000,000,000 respectively, carried a coupon rate of 2.24% and 2.06% per annum respectively, and were due and payable on 25 October 2024 and 22 November 2024, respectively. The aforesaid ultra short-term financing bonds was fully settled in 2024.

- (c) The average interest rate of the Group's borrowings at the end of the reporting period are summarised as below.

	2024	2023
Average interest rates	2.75%	2.66%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. BORROWINGS (Continued)

Notes: (Continued)

(d) Loan covenants

In respect of bank borrowings with carrying amount of approximately RMB232,000,000 as at 31 December 2024 (2023: RMB210,702,600), the Group is required to comply with the following significant financial covenants on the consolidated financial statements level throughout the continuance of the relevant loans and/or as long as the loans are outstanding:

- Debt to asset ratio shall not be higher than 60%;
- Current ratio shall not be lower than 60%;
- Positive cashflow generated from operating activities for two consecutive years;

The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 3. As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached (2023: Nil).

As at 31 December 2024, as the Group complied with the covenants that were required to be met on or before 31 December 2024, the Group has the right to defer settlement of the relevant borrowings for at least twelve months after the reporting date.

32. BONDS PAYABLE

	2024	2023
	RMB'000	RMB'000
Classified under non-current liabilities	4,000,000	–

During March 2024, the Company issued three unsecured corporate bonds ("CBI", "CBII" and "CBIII") in the PRC with a term of 5 years, 3 years and 10 years respectively, while having a corresponding principal amounts of approximately RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000. The coupon rates of the aforesaid unsecured corporate bonds namely CBI, CBII and CBIII were 2.86%, 2.1% and 2.5% per annum respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at FVTPL include the following:

	2024 RMB'000	2023 RMB'000
Financial liabilities at FVTPL include the following:		
– Gold leasing contracts	857,445	781,221
– Foreign currency forward contracts	7,186	7,822
– Commodity options contracts	9,935	12,319
	874,566	801,362

The Group obtained financing through entering into gold leasing contracts with banks to lease gold from banks and subsequently sold the gold through the Shanghai Gold Exchange. Upon maturity of those lease contracts, the Group has to return to such banks with gold of the same quantity and specification, which would be usually purchased through the Shanghai Gold Exchange. The maturity periods of gold leasing contracts are generally less than 1 year (1 year inclusive). The gold leasing contracts carried fixed interest rate ranging from 0.85% to 2.2% (2023: ranging from 1.89% to 2.2%) per annum. The Group has designated the liabilities associated with such gold leasing arrangements as financial liabilities at FVTPL. Realised or unrealised fair value gain (loss) on gold leasing contracts are recognised and presented in the consolidated statement of profit or loss as “Finance costs” (note 9).

The Group had also entered into certain gold forward/futures contracts for managing part of the risk associated with the fluctuation in the purchase prices of gold for its operations or managing the price risk associated with the aforesaid gold leasing contracts. These gold forward/future contracts have also been designated as financial liabilities at FVTPL. Realised and unrealised fair value gain (loss) on the gold forward/future contracts are recognised in the consolidated statement of profit or loss as “Other gains and losses, net” (note 8).

Details of the fair value measurement of financial liabilities at FVTPL are disclosed in note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. OTHER NON-CURRENT LIABILITIES

	2024	2023
	RMB'000	RMB'000
Consideration payable for acquisition of a portfolio of assets and liabilities (Note a)	9,331	19,571
Payable for mining rights	1,934,475	1,367,007
Provision for legal claims (Note b)	–	11,084
Others	46,614	33,413
	1,990,420	1,431,075
Less: Current portion	(331,969)	(205,055)
	1,658,451	1,226,020

Notes:

- (a) On 26 September 2017, SDG Xinhui, Qingdao Pingdu Jinxing Gold Mining Co. Ltd. (“Jinxing”), an independent third party of the Group, and Dazhuangzi Villagers’ Committee of Pingdu Xinhe Town (平度市新河鎮大莊子村民委員會), the former shareholder of Jinxing, entered into an asset reorganisation agreement (the “Agreement”). Pursuant to the Agreement, SDG Xinhui acquired a portfolio of assets and liabilities of Jinxing, including part of the receivables and payables, property, plant and equipment and exploration rights at a total consideration of approximately RMB174,180,000.

During the year ended 31 December 2018, the Group has settled part of consideration of approximately RMB114,180,000 and the remaining non-interest bearing consideration of approximately RMB60,000,000 (the “Remaining Consideration”) will be paid by 8 instalments until 31 January 2026.

As at 31 December 2024, the carrying amount of the Remaining Consideration included as “Other non-current liabilities” amounted to approximately RMB9,331,000 (2023: RMB15,000,000) and the current portion of which to be settled within the next twelve months amounted to approximately RMB5,669,000 (2023: RMB5,669,000).

- (b) As at 31 December 2023, total provision in connection with certain outstanding labour claims of MAS were recognised which was amounting to approximately US\$1,565,000 (equivalent to approximately RMB11,084,000). During the year ended 31 December 2024, the Group has fully settled the aforesaid outstanding labour claims as disclosed in note 41(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. DEFERRED TAXATION

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2024 RMB'000	2023 RMB'000
Deferred income tax assets	921,756	722,744
Deferred income tax liabilities	(6,544,087)	(6,826,963)
Deferred income tax liabilities, net	(5,622,331)	(6,104,219)

The gross movement on the deferred income tax is as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	(6,104,219)	(3,773,023)
Acquisition of subsidiaries (note 43)	(159,827)	(2,668,028)
Credited to profit or loss (note 10)	624,564	420,247
Currency translation differences	17,151	(83,415)
At the end of the year	(5,622,331)	(6,104,219)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets (liabilities) and movements thereon during the current and prior years:

	Property, plant and equipment RMB'000	Mining and exploration rights RMB'000	Financial assets/ liabilities at fair value through profit or loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	(2,099,405)	(1,064,677)	(339,189)	(269,752)	(3,773,023)
Acquisition of subsidiaries (note 43)	(292,480)	(2,375,548)	-	-	(2,668,028)
Credited to profit or loss	14,173	337,393	41,758	26,923	420,247
Currency translation differences	(81,741)	-	-	(1,674)	(83,415)
At 31 December 2023	(2,459,453)	(3,102,832)	(297,431)	(244,503)	(6,104,219)
Acquisition of subsidiaries (note 43)	17	(159,844)	-	-	(159,827)
(Charged) credited to profit or loss	(18,672)	268,690	130,619	243,927	624,564
Currency translation differences	18,568	-	-	(1,417)	17,151
At 31 December 2024	(2,459,540)	(2,993,986)	(166,812)	(1,993)	(5,622,331)

The Group does not recognise the following deferred income tax assets as management believes that it is more likely than not that such tax losses would not be utilised before they expire, details of which are as follows:

	2024 RMB'000	2023 RMB'000
The corresponding accumulated tax losses of the subsidiaries of the Company which deferred income tax assets have not been recognised	2,806,554	2,615,624
Deferred income tax assets not recognised	556,466	512,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. DEFERRED TAXATION (Continued)

The aforesaid tax losses that have not been recognised as deferred income tax assets will be expired in the following years:

	2024 RMB'000	2023 RMB'000
2024	–	41,971
2025	3,810	8,415
2026	565,130	531,703
2027	568,700	607,946
2028	304,139	153,887
2029	315,655	192,087
2030	37,485	34,375
2031	791,020	835,634
2032	176,005	209,606
2033	17,712	–
2034	26,898	–
	2,806,554	2,615,624

36. DEFERRED REVENUE

Deferred revenue represented the government grants received towards the acquisition of assets related to gold mining activities. The amount is transferred to other income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of approximately RMB3,901,000 (2023: RMB4,595,000).

37. PROVISION FOR ASSET RETIREMENT OBLIGATIONS

	2024 RMB'000	2023 RMB'000
At the beginning of the year	842,789	733,117
Interest charge on unwinding of discounts (note 9)	30,056	34,837
Acquisition of subsidiaries	36,837	48,125
Additional provision	204,544	111,626
Payments	(16,311)	(59,632)
Change in discount rate (note 17(a))	(23,336)	(32,663)
Currency translation differences	6,979	7,379
At the end of the year	1,081,558	842,789

Provision for asset retirement obligations represented the estimated amount and timing of future closure and restoration projects.

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38. SHARE CAPITAL AND TREASURY SHARES

Share capital

Shares, issued and fully paid:

	2024		2023	
	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
Domestic shares ("A shares") of RMB1.00 each				
– Held by Shandong Gold Group	2,026,607	2,026,607	2,039,142	2,039,142
– Held by other shareholders	1,587,837	1,587,837	1,575,302	1,575,302
	3,614,444	3,614,444	3,614,444	3,614,444
H Shares of RMB1.00 each	858,986	858,986	858,986	858,986
	4,473,430	4,473,430	4,473,430	4,473,430

39. PERPETUAL BONDS

On 4 December 2020, the Company issued RMB2,700,000,000 perpetual bond 1 at an initial interest rate of 4.8% per annum. The face value of the perpetual bond 1 were RMB2,700,000,000. Coupon payments of 4.8% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

On 21 December 2020, the Company issued RMB1,300,000,000 perpetual bond 2 at an initial interest rate of 4.69% per annum. The face value of the perpetual bond 2 were RMB1,300,000,000. Coupon payment of 4.69% per annum is paid annually in arrears and may be deferred at the discretion of the Company.

Perpetual bond 1 and perpetual bond 2 have no maturity date and are callable at the Company's option at its principal amounts together with any accrued, unpaid or deferred coupon interest payments. The coupon rates will be increased at a margin of 300 basis points per three years. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital. Subsequently, the Company redeemed the perpetual bond 1 and perpetual bond 2 on 4 December 2023 and 21 December 2023 respectively.

On 23 December 2021, the Company issued RMB2,250,000,000 perpetual bond 3 at an initial interest rate of 4.75% per annum. The face value of the perpetual bond 3 were RMB2,250,000,000. Coupon payment of 4.75% per annum is paid quarterly in arrears and may be deferred at the discretion of the Company. Perpetual bond 3 have no maturity date and are callable at the Company's option at its principal amounts together with any accrued, unpaid or deferred coupon interest payments. The coupon rates will be increased at a margin of 300 basis points after five years and will be increased afterward at a margin of 300 basis point every year. The maximum of the interest rate will be 9% per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital.

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For the year ended 31 December 2024

39. PERPETUAL BONDS (Continued)

On 8 August 2022, the Company issued RMB3,000,000,000 perpetual bond 4 at an initial interest rate of 4.42% per annum. The face value of the perpetual bond 4 were RMB3,000,000,000. Coupon payment of 4.42% per annum is paid annually in arrears and may be deferred at the discretion of the Company. Perpetual bond 4 have no maturity date and are callable at the Company's option at its principal amounts together with any accrued, unpaid or deferred coupon interest payments. The coupon rates will be increased at a margin of 200 basis points after three years and will be increased afterward at a margin of 200 basis point every year. The maximum of the interest rate will be 7.8% per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital.

On 8 November 2022, the Company issued RMB670,000,000 perpetual bond 5 at an initial interest rate of 4.35% per annum. The face value of the perpetual bond 5 were RMB670,000,000. Coupon payment of 4.35% per annum is paid quarterly in arrears and may be deferred at the discretion of the Company. Perpetual bond 5 have no maturity date and are callable at the Company's option at its principal amounts together with any accrued, unpaid or deferred coupon interest payments. The coupon rates will be increased at a margin of 300 basis points after five years and will be increased afterward at a margin of 300 basis point every year. The maximum of the interest rate will be 9% per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital.

On 17 November 2023, the Company issued RMB200,000,000 perpetual bond 6 at an initial interest rate of 3.19% per annum. The face value of the perpetual bond 6 were RMB200,000,000. Coupon payments of 3.19% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

On 27 November 2023, the Company issued RMB200,000,000 perpetual bond 7 at an initial interest rate of 3.22% per annum. The face value of the perpetual bond 7 were RMB200,000,000. Coupon payment of 3.22% per annum is paid annually in arrears and may be deferred at the discretion of the Company.

Perpetual bond 6 and perpetual bond 7 have no maturity date and are callable at the Company's option at its principal amounts together with any accrued, unpaid or deferred coupon interest payments. The coupon rates will be increased at a margin of 300 basis points per three years. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital.

On 12 December 2024, the Company issued RMB3,000,000,000 perpetual bond 8 at an initial interest rate of 3.23% per annum. The face value of the perpetual bond 8 were RMB3,000,000,000. Coupon payments of 3.23% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Accordingly, the perpetual bonds are classified as equity instruments of the Group based on the contractual terms and their economic substance data considering the definition of financial liabilities and equity instrument.

During the year ended 31 December 2024, interest payment of approximately RMB401,873,000 (2023: RMB461,080,000) was paid by the Group to the holders of perpetual bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. INFORMATION TO CASH FLOWS

(a) Cash generated from operations

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	5,613,137	3,488,212
Adjustments for:		
Depreciation of property, plant and equipment	3,675,374	2,919,397
Depreciation of investment properties	15,015	8,801
Depreciation of right-of-use assets	137,062	156,264
Amortisation of intangible assets	1,223,165	1,013,151
Loss on disposals/write-off of property, plant and equipment	16,151	12,448
Loss on disposals of investment properties	457	–
Loss arising on lease modifications	177	–
Impairment losses on property, plant and equipment	–	4,269
Impairment losses on intangible assets	8,372	–
Provision for impairment of inventories, net of reversal	5,432	3,517
Provision for impairment on trade and other receivables, net of reversal	101,506	61,514
Fair value loss on gold futures/forward contracts	73,851	64,389
Realised and unrealised fair value loss of financial assets at FVTPL	452,512	486,085
Fair value gain on step acquisition	–	(94,307)
Gain on bargain purchase	(58,568)	(5,245)
Dividend income from financial assets at FVTPL	(107,820)	(56,742)
Finance income	(190,017)	(145,110)
Finance costs	2,074,453	1,568,275
Government grants	(36,660)	(28,494)
Share of results of associates	(33,485)	(15,237)
Operating cash flows before movements in working capital	12,970,114	9,441,187
Decrease (increase) in inventories	2,237,034	(1,399,945)
Increase in trade and other receivables	(2,255,975)	(1,029,547)
Decrease in deposits with exchanges and non-bank financial institutions	161,371	606,680
Increase (decrease) in cash held on behalf of customers for futures contracts trading	470,154	(912,436)
Increase in payables to brokerage clients	733,707	245,462
Increase in trade and other payables	7,864,021	3,297,411
Cash generated from operations	22,180,426	10,248,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. INFORMATION TO CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Liabilities from financing activities						
	Borrowings	Bonds payable	Deferred revenue	Lease liabilities	Financial liabilities	Dividends payable to related parties	Total
					at FVTPL	at FVTPL	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024	51,143,965	-	12,787	156,267	801,362	22,506	52,136,887
Investing cash flows	-	-	-	-	(45,958)	-	(45,958)
Financing cash flows	6,569,332	3,942,991	36,025	(63,789)	(227,494)	-	10,257,065
<i>Non-cash changes:</i>							
Foreign exchange adjustments	(121,301)	-	-	-	-	-	(121,301)
Finance costs charged	1,783,852	57,009	-	12,274	272,805	-	2,125,940
Fair value loss	-	-	-	-	73,851	-	73,851
Income recognised	-	-	(36,660)	-	-	-	(36,660)
New leases arrangement	-	-	-	89,124	-	-	89,124
Balance at 31 December 2024	59,375,848	4,000,000	12,152	193,876	874,566	22,506	64,478,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. INFORMATION TO CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Liabilities from financing activities					
	Borrowings	Deferred	Lease	Financial	Dividends	Total
	RMB'000	revenue	liabilities	liabilities	payable to	
	RMB'000	RMB'000	RMB'000	at FVTPL	related	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	23,328,936	16,084	208,176	11,265,745	22,506	34,841,497
Investing cash flows	–	–	–	(50,446)	–	(50,446)
Financing cash flows	25,439,301	1,298	(85,296)	(10,782,919)	–	14,572,384
<i>Non-cash changes:</i>						
Foreign exchange adjustments	(61,189)	–	–	–	–	(61,189)
Finance costs charged	1,221,907	–	11,454	304,593	–	1,537,954
Fair value loss	–	–	–	64,389	–	64,389
Income recognised	–	(4,595)	–	–	–	(4,595)
Acquired on acquisition of subsidiaries (note 43)	1,215,010	–	19,927	–	–	1,234,937
New leases arrangement	–	–	2,006	–	–	2,006
Balance at 31 December 2023	51,143,965	12,787	156,267	801,362	22,506	52,136,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. CONTINGENCIES

(a) the Veladero Gold Mine held by MAS experienced several environmental incidents as set out below:

- (i) Release of cyanide-bearing process solution incident in 2015 – the failure of a valve on a leach pad pipeline at the Veladero Gold Mine resulted in the release of cyanide-bearing process solution into a nearby waterway through a diversion channel gate that was open at the time of the incident (“Incident 1”);
- (ii) Release of crushed-ore saturated with process solution incident in 2016 – ice rolled down the slope of the leach pad damaged a pipe carrying process solution, and caused some material to leave the leach pad (“Incident 2”); and
- (iii) Release of gold-bearing process solution incident in 2017 – the monitoring system at the Veladero Gold Mine detected a rupture of a pipe carrying gold-bearing process solution on the leach pad (“Incident 3”).

MAS was involved in several ongoing administrative and civil proceedings with respect to the abovementioned environmental incidents (“Legal Proceedings”). In assessing the loss contingencies, the directors of the Company evaluated the Legal Proceedings and determined that no amounts should be made for any potential liabilities or asset impairment relating to the Legal Proceedings as an amount cannot be reasonably estimated as at 31 December 2023.

During the year ended 31 December 2024, the Supreme Court of San Juan Province rejected the legal action brought by MAS in relation to Incident 1 (“Court Decision”), and MAS did not apply for appeal in relation to the Court Decision and the matter was closed in 2024. Further, MAS decided to withdraw its appeal of the administrative sanction issued by the San Juan Provincial mining authority in relation to Incident 2 and Incident 3 during the year ended 31 December 2024 after seeking advice from its external legal counsel and the aforesaid matter was closed in 2024. In relation to potential liabilities in relation to Incident 1, 2 and 3, there were no additional amounts to be paid or liable with the closure of such matter in 2024, which the Group has fully settled the outstanding labour claims of approximately US\$1,565,000 (equivalent to approximately RMB11,084,000) during the year ended 31 December 2024.

(b) Guarantees given to banks in respect of banking facilities utilised by subsidiaries

As at 31 December 2024, the Company granted financial guarantees to the extent of approximately RMB26,577,650,000 (2023: RMB15,394,242,000) to banks in respect of banking facilities granted to its subsidiaries, out of which approximately RMB13,611,780,000 (2023: RMB2,538,749,000) were utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. COMMITMENTS

(a) Capital commitments

Capital commitments contracted for but not yet provided for in the consolidated financial statements of the Group at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Acquisition of fixed assets	133,761	150,450
Material service contracts	779,013	1,155,053
	912,774	1,305,503

(b) Operating lease commitments

The Group as lessor

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 5 years (2023: 1 to 5 years). None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	3,722	2,988
From 1 year to 5 years	1,308	1,768
	5,030	4,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES

(a) Acquisitions during the year ended 31 December 2024

(i) Acquisition of Osino Resources Corp. (“Osino Resources”)

On 29 August 2024, a subsidiary of the Company namely Shanjin International (formerly known as Yintai Gold), acquired 100% interest in Osino Resources, a company incorporated in Canada with limited liability, for a cash consideration of Canadian dollar (“C\$”) 1.90 per share (i.e. a total consideration of approximately C\$368 million). After the completion of the aforesaid transaction, Osino Resources were delisted from the stock exchange of Namibia and Toronto in 2024.

The principal activity of Osino Resources and its subsidiaries are mineral exploration in Namibia, and its identifiable assets are mainly exploration rights. The Group elected to apply the optional concentration test in accordance with IFRS 3 Business Combinations. The acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (exploration rights).

(ii) Acquisition of Baotou Changtai

On 2 April 2024, the Company acquired 70% of equity interest in Baotou Changtai for consideration of approximately RMB471,100,000. Baotou Changtai is principally engaged in gold mining and production, and its core asset is the mining right project of gold mountain mine located in Inner Mongolia. Baotou Changtai was acquired so as to continue the expansion of the Group’s mining, processing and sale of gold and gold production operation.

Included in the profit for the period ended 31 December 2024 from the date of acquisition of approximately RMB10,415,000 was generated by Baotou Changtai. Revenue for the period ended 31 December 2024 from the date of acquisition of approximately RMB129,510,000 was generated from Baotou Changtai.

Had the acquisition been completed on 1 January 2024, total revenue of the Group for the year would have been RMB82,549,089,000, and profit for the year would have been RMB4,407,644,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

The fair value of trade and other receivables at the date of acquisition approximated their gross contractual amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

Details of acquisitions were summarised as follows:

Assets and liabilities recognised at the date of acquisition

	Osino Resources RMB'000	Baotou Changtai RMB'000	Total RMB'000
Property, plant and equipment	5,941	70,601	76,542
Intangible assets	2,144,444	608,217	2,752,661
Deferred tax assets	202	257	459
Other non-current assets (Note a)	69,365	6,554	75,919
Bank balances and cash	57,287	2,560	59,847
Other current assets	13,186	18,465	31,651
Deferred tax liabilities	(185)	(160,101)	(160,286)
Other current liabilities (Note b)	(284,695)	(16,806)	(301,501)
Net assets attributable to owners of the parent	2,005,545	529,747	2,535,292
Net assets attributable to the Company upon completion	2,005,545	370,823	2,376,368
Consideration			
Cash consideration	1,946,977	471,100	2,418,077
Goodwill arising from acquisition	N/A	100,277	100,277
Net cash outflow from acquisition of subsidiaries:			
Cash consideration	1,946,977	471,100	2,418,077
Less: Cash and bank balances acquired	(57,287)	(2,560)	(59,847)
	1,889,690	468,540	2,358,230
Under:			
Asset acquisition	1,889,690	N/A	1,889,690
Business combination	N/A	468,540	468,540
	1,889,690	468,540	2,358,230

Notes:

- (a) Other non-current assets included leased buildings as recorded under right-of-use assets amounting to approximately RMB576,000 (note 19) which was rose from the acquisition of Baotou Changtai during the year ended 31 December 2024.
- (b) Other current liabilities included provision for asset retirement obligations amounting to approximately RMB36,837,000 (note 37) which was arose from the acquisition of Osino Resources during the year ended 31 December 2024.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the “administrative expenses” line item in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisitions during the year ended 31 December 2023

(i) Acquisition of 23.1% equity interest of Shanjin International (formerly known as Yintai Gold)

On 9 December 2022, the Company entered into a share transfer agreement with China Yintai Holdings Co., Ltd. and Mr. Shen Guojun, pursuant to which the Company agreed to acquire 581,181,068 shares (“Acquired Shares”) representing 20.93% of equity interest in Shanjin International, which is a joint stock company established in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 000975), for consideration of approximately RMB12,759,395,000 (“Shanjin International Agreement”). According to the Shanjin International Agreement, the subsequent dividend paid amounting to approximately RMB162,730,000 by Shanjin International of the Acquired Shares are belong to the Company. Subsequently, from 27 April 2023 to 30 June 2023, the Company acquired 60,217,092 shares representing 2.17% of equity interest in Shanjin International from the open market at a consideration of approximately RMB724,043,000 (“1st Acquired Shares”) and subsequently the fair value of the 1st Acquired Shares was RMB818,350,000 at the date of Shanjin International control being obtained. After completion of the transaction, the Company holds the voting rights of 641,398,160 shares of Shanjin International in total through direct shareholding representing 23.1% of the total voting rights of Shanjin International. The board of Shanjin International consists of 9 directors, including 6 non-independent directors and 3 independent directors. The Company has the right to nominate 5 non-independent directors. Therefore, the Company obtained more than half of the voting rights of the board of directors and thus the controlling power of Shanjin International. The ownership transfer registration procedures of such equity transaction were completed on 14 August 2023 (“Completion Date”). The amount of goodwill arising as a result of the acquisition was approximately RMB9,784,150,000. The principal activity of Shanjin International Group (formerly known as Yintai Gold Group) is engaged in precious metal and non-ferrous metal mining and processing and trading of metal in the PRC. Shanjin International Group was acquired so as to continue the expansion of the Group’s mining, processing and sale of gold and gold production operation.

Goodwill arose in the acquisition of Shanjin International because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Shanjin International. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the profit for the year ended 31 December 2023 of approximately RMB341,128,000 was generated by Shanjin International Group. Revenue for the year ended 31 December 2023 was approximately RMB3,435,564,000 generated from Shanjin International Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisitions during the year ended 31 December 2023 (Continued)

(ii) Acquisition of 80% of equity interest and 100% creditor's right of Laizhou Gold Coast Ecology Co., Ltd. (萊州金岸生態有限公司) ("Laizhou Gold Coast")

On 3 February 2023 ("Laizhou Gold Coast Acquisition Date"), SDG Laizhou, a wholly owned subsidiary of the Company, acquired 80% of equity interest and 100% creditor's right, a company established in the PRC with limited liability, for consideration of approximately RMB194,142,000. The principal activity of Laizhou Gold Coast is engaged in the provision of ecological restoration and protection services, leisure and sightseeing activities, information consulting services (excluding permitted information consulting services), solid waste treatment and conference and exhibition services.

The gain on bargain purchase was attributable to the increase in fair value of the net assets acquired, from the date of valuations that the considerations were based on, to the Laizhou Gold Coast Acquisition Date.

Included in the profit for the year ended 31 December 2023 of approximately RMB528,000 was generated by Laizhou Gold Coast. Revenue for the year ended 31 December 2023 was approximately RMB26,307,000 generated from Laizhou Gold Coast.

No pro forma information for the acquisitions of Laizhou Gold Coast are prepared as the acquisitions would have no significant contribution to the Group's revenue or financial performance for the period from 1 January 2023 to respective dates of acquisition and the pro forma revenue and results of operations of the Group for the acquisitions approximate the Group's revenue and results for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisitions during the year ended 31 December 2023 (Continued)

Details of acquisitions were summarised as follows:

Assets and liabilities recognised at the date of acquisition

	Shanjin International Group (formerly known as Yintai Gold Group) RMB'000	Laizhou Gold Coast RMB'000	Total RMB'000
Property, plant and equipment	2,823,254	112,980	2,936,234
Intangible assets	12,410,122	–	12,410,122
Investment properties	–	3,406	3,406
Right-of-use assets	620,658	87,710	708,368
Deferred tax assets	240,924	–	240,924
Other non-current assets	81,355	8,051	89,406
Bank balances and cash	1,551,090	–	1,551,090
Other current assets	5,099,820	1,401	5,101,221
Deferred tax liabilities	(2,908,952)	–	(2,908,952)
Long term borrowings	(79,000)	–	(79,000)
Other non-current liabilities	(235,917)	–	(235,917)
Short term borrowings	(1,136,010)	–	(1,136,010)
Lease liabilities	(19,927)	–	(19,927)
Other current liabilities	(587,343)	(196,008)	(783,351)
Net assets	17,860,074	17,540	17,877,614
Non-controlling interests	(2,141,439)	–	(2,141,439)
Net assets attributable to owners of the parent	15,718,635	17,540	15,736,175
Net assets attributable to the Company upon completion	3,630,865	14,032	3,644,897
Consideration			
Cash consideration	13,483,438	194,142	13,677,580
Less: Dividend received	(162,730)	–	(162,730)
Less: Shareholder's loan	–	(185,355)	(185,355)
Fair value gain on step acquisition	13,320,708	8,787	13,329,495
	94,307	–	94,307
	13,415,015	8,787	13,423,802
Gain on bargain purchase	–	5,245	5,245
Goodwill arising from acquisition	9,784,150	–	9,784,150
Net cash outflow from acquisition of subsidiaries:			
Cash consideration	13,483,438	194,142	13,677,580
Less: Cash consideration paid in previous year	–	(50,000)	(50,000)
Less: Dividend received	(162,730)	–	(162,730)
Less: Cash and bank balances acquired	(1,551,090)	–	(1,551,090)
Business combination	11,769,618	144,142	11,913,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisitions during the year ended 31 December 2023 (Continued)

Acquisition-related costs amounting to approximately RMB3,024,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

44. RELATED PARTY TRANSACTIONS

The directors of the Company consider that Shandong Gold Group, a company registered in the PRC, as the immediate holding company of the Company. The State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government is the ultimate controlling party of the Company. The Group has extensive transactions with the related parties. For the purpose of disclosure of related party transactions, to the extent possible, the Group has procedures in place to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are related parties.

Management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed below. Sales of goods and provision of services to related parties are at state-prescribed prices or prices that are also available to other customers. The Group considers that these sales are activities in the ordinary course of business. In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions and balances with related parties.

(a) Transactions with Shandong Gold Group, its fellow subsidiaries and associate

	2024	2023
	RMB'000	RMB'000
Purchases of electricity	668,278	668,452
Purchases of construction services	308,356	116,423
Purchases of processing services	35,051	29,763
Purchases of gold	1,453,482	1,275,153
Purchases of intangible assets	9,749,291	–
Purchases of other services	118,890	146,295
Total purchases	12,333,348	2,236,086

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For the year ended 31 December 2024

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with Shandong Gold Group, its fellow subsidiaries and associate (Continued)

	2024 RMB'000	2023 RMB'000
Sales of gold	1,279,068	660,762
Sales of other metals	292,371	48,169
Sales of other materials and services	18,707	18,080
Total sales	1,590,146	727,011

Property and land leasing

	2024 RMB'000	2023 RMB'000
Trademark licensing and property leasing payments to Shandong Gold Group and its fellow subsidiaries	27,295	41,399
Leasing fee payments to the subsidiary of Shandong Gold Group	30,141	30,141
Rental fees received from Shandong Gold Group and its fellow subsidiaries	4,879	1,482
Equity entrustment service fees received from Shandong Gold Group and its fellow subsidiaries	3,774	3,774

(b) Transactions with SDG Group Finance and its shareholder

	2024 RMB'000	2023 RMB'000
Interest income from deposits	49,650	35,989
Interest expenses from borrowings	88,208	20,085
Handling fees and other financial services	1,113	1,576
Total annual credit facilities	4,200,000	4,700,000
Maximum daily balance of deposit services during the year	3,298,411	3,297,842
Maximum daily balance of loan and other financing services during the year	2,361,100	3,068,801
Maximum daily balance of overdraft services during the year	360,000	300,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. RELATED PARTY TRANSACTIONS (Continued)

(c) Borrowings obtained from related parties

	2024	2023
	RMB'000	RMB'000
Borrowings obtained from SDG Group Finance:		
At the beginning of the year	1,801,700	666,000
Drawdown during the year	5,626,187	3,988,000
Repayment during the year	(5,182,000)	(2,852,300)
At the end of the year	2,245,887	1,801,700

The borrowings obtained from related parties are denominated in RMB and due within one year. The average interest rates as charged by the related parties are as below:

	2024	2023
Interest rates	2.2% – 4.0%	2.2% – 3.8%

(d) Year-end balances

	2024	2023
	RMB'000	RMB'000
Receivables from related parties		
Trade receivables, gross		
– Shandong Gold Group and its fellow subsidiaries (note 28)	182,190	105,557
Less: Allowance for impairment losses	(10,625)	(7,051)
Trade receivables, net	171,565	98,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

44. RELATED PARTY TRANSACTIONS (Continued)

(d) Year-end balances (Continued)

	2024 RMB'000	2023 RMB'000
Other receivables, gross		
– Shandong Gold Group and its fellow subsidiaries (note 28)	16,115	10,316
Less: Allowance for impairment losses	(875)	(449)
Other receivables, net	15,240	9,867
Deposits to a financial institution		
– SDG Group Finance	3,273,798	3,208,782
Others included in other non-current assets		
– Shandong Gold Group and its fellow subsidiaries	8,186	6,528
	3,281,984	3,215,310
Payables to related parties		
Trade payables		
– Shandong Gold Group and its fellow subsidiaries (note 30)	659,193	248,811
Notes payables		
– Shandong Gold Group and its fellow subsidiaries (note 30)	204,695	134,244
Contract liabilities		
– Shandong Gold Group and its fellow subsidiaries	142,895	64,935
Other payables		
– Shandong Gold Group and its fellow subsidiaries (note 30)	4,417,637	2,205,540
Dividend payables		
– Shandong Gold Group and its fellow subsidiaries (note 30)	22,506	22,506
Lease liabilities		
– Shandong Gold Group and its fellow subsidiaries	81,700	–
Payable for mining rights included in non-current liabilities		
– Shandong Gold Group and its fellow subsidiaries	–	31,094
	5,528,626	2,707,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. RELATED PARTY TRANSACTIONS (Continued)

(e) Key management personnel compensation

Key management personnel includes directors (executive and non-executive) of the Company, members of the executive committee and respective department heads. The compensation paid or payable to key management for employee services is shown below:

	2024 RMB'000	2023 RMB'000
Salaries and other short-term employee benefits		
– directors and supervisors of the Company	9,269	8,594
– other key management personnel	11,531	13,947
	20,800	22,541

(f) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“State-controlled Entities”). In addition, the Group is significant influenced indirectly by Shandong Gold Group, a state-owned enterprise established in the PRC.

The Group also conducts business with other State-controlled Entities. The directors of the Company consider those State-controlled Entities to be third parties so far as the Group’s businesses with them are concerned.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks which are State-controlled Entities in its ordinary course of business.

The directors of the Company are of the opinion that the transactions with other State-controlled Entities are not significant to the Group’s operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	2024	2023
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	7,748,255	5,972,349
Investment properties	103,347	109,587
Right-of-use assets	39,469	33,656
Intangible assets	7,144,696	1,470,654
Investments in subsidiaries (Note i)	42,773,169	43,535,755
Investment in an associate	1,085,216	1,078,144
Financial assets at FVTOCI	500	500
Other non-current assets	162,963	195,485
	59,057,615	52,396,130
Current assets		
Inventories	24,402	24,403
Trade and other receivables	4,355,358	747,779
Amounts due from subsidiaries (Note ii)	30,435,017	19,841,744
Restricted bank deposits	141,823	148,707
Bank balances and cash	2,053,641	766,652
	37,010,241	21,529,285
Current liabilities		
Trade and other payables	7,292,598	4,967,728
Current income tax liabilities	29,849	31,906
Lease liabilities	13,768	9,847
Borrowings	20,377,597	15,967,967
	27,713,812	20,977,448
Net current assets	9,296,429	551,837
Total assets less current liabilities	68,354,044	52,947,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

	2024 RMB'000	2023 RMB'000
Non-current liabilities		
Borrowings	26,344,951	21,163,126
Bonds payable	4,000,000	–
Lease liabilities	31,592	25,658
Deferred income tax liabilities	1,089,551	8,571
Deferred revenue	773	500
Provision for asset retirement obligations	35,040	32,768
	31,501,907	21,230,623
Net assets	36,852,137	31,717,344
Capital and reserves		
Share capital (note 38)	4,473,430	4,473,430
Perpetual Bonds (note 39)	12,941,337	9,938,377
Reserves (Note iii)	19,437,370	17,305,537
Total equity	36,852,137	31,717,344

Notes:

- (i) As at 31 December 2024, investments in subsidiaries are carried at cost of approximately RMB42,773,169,000 (2023: RMB43,535,755,000).
- (ii) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

Notes: (Continued)

(iii) Reserves movement of the Company

	Retained profits RMB'000	Other reserves RMB'000	Total RMB'000
At 1 January 2024	7,428,814	9,876,723	17,305,537
Profit for the year	3,115,987	–	3,115,987
Appropriations	(311,599)	311,599	–
Dividends	(984,154)	–	(984,154)
At 31 December 2024	9,249,048	10,188,322	19,437,370

	Retained profits RMB'000	Other reserves RMB'000	Total RMB'000
At 1 January 2023	6,990,873	9,793,269	16,784,142
Profit for the year	834,535	–	834,535
Appropriations	(83,454)	83,454	–
Dividends	(313,140)	–	(313,140)
At 31 December 2023	7,428,814	9,876,723	17,305,537

DEFINITIONS

DEFINITIONS

In this annual report, 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;
“Audit Committee”	the audit committee of the Board;
“Baotou Changtai Mining”	Baotou Changtai Mining Co., Ltd.;
“Board” or “Board of Directors”	the board of directors of the Company;
“Cardinal”	Cardinal Resources Limited;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules;
“Chifengchai Mine”	Chifeng Chaihulanzi Gold Mining Co., Ltd.;
“China”, “PRC” or “State”	the People’s Republic of China but for the purpose of this annual report, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“CSRC”	China Securities Regulatory Commission;
“Director(s)” or “our Directors”	the director(s) of the Company;
“Fujian Yuanxin”	Fujian Province Zhenghe County Yuanxin Mining Co., Ltd.;
“Group”, “the Group”, “our Group”, “we” or “us”	the Company and all of our subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its existing subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
“Guilaizhuang”	Shandong Gold Guilaizhuang Mining Co., Ltd.;
“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;
“Heihe Luoke”	Heihe Luoke Kuangye Kaifa Ltd.;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“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;
“IFRS”	the International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board;
“Jiaojia Gold Mine”	Jiaojia Gold Mine, Shandong Gold Mining (Laizhou) Co., Ltd.;
“Jilin Banmiaozi”	Jilin Banmiaozi Mining Co., Ltd.;
“Jinchuan Mining”	Xinjiang Jinchuan Mining Co., Ltd.;
“Jinzhou Company”	Shandong Jinzhou Mine Group Co., Ltd.;
“Laixi Company”	Shandong Gold Mining (Laixi) Co., Ltd.;
“Linglong Gold Mine”	Shandong Gold Mining (Linglong) Co., Ltd.;
“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;
“Nomination Committee”	the nomination committee of the Board;
“Penglai Mining”	Shandong Gold Group Penglai Mining Co., Ltd.;
“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;
“Prospectus”	the prospectus issued by the Company in connection with the Hong Kong public offering dated 14 September 2018;
“Qinghai Dachaidan”	Qinghai Dachaidan Mining Co., Ltd.;
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board;
“Reporting Period” or “current period”	from 1 January 2024 to 31 December 2024;
“RMB”	Renminbi, the lawful currency of China;
“Sanshandao Gold Mine”	Shandong Gold Mining (Laizhou) Co., Ltd., Sanshandao Gold Mine;
“SDG Capital Management”	SDG Capital Management Co., Ltd. (山金金控資本管理有限公司), a limited liability company incorporated in the PRC on 14 November 2012;
“SDG Group”	SDG Group Co. and all of its subsidiaries;

DEFINITIONS

“SDG Group Co.”	Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), a limited liability company incorporated in the PRC on 16 July 1996, the controlling Shareholder of the Company; as of the date of this annual report, 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” or “SDG Finance Co.”	Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a limited liability company incorporated in the PRC on 17 July 2013, which was held as to 30% by the Company and 70% by SDG Group Co.;
“SDG Hong Kong”	Shandong Gold Mining (Hong Kong) Co., Limited (山東黃金礦業(香港)有限公司), incorporated in Hong Kong on 27 February 2017 with limited liability and a wholly-owned subsidiary of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws 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);
“Shanjin International”	Shanjin International Gold Co., Ltd. (山金國際黃金股份有限公司) (formerly “Yintai Gold Co., Ltd. (銀泰黃金股份有限公司)”), a joint stock company established in the PRC with limited liability on 18 June 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000975), and a controlling subsidiary of the Company;
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.0 each, comprising our A Share(s) and our H Share(s);

DEFINITIONS

“Shareholder(s)”	holder(s) of our Share(s);
“Strategy Committee”	the strategy committee of the Board;
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“Syndicated Term Loan(s)”	the loan available under the US\$960 million term loan facilities agreement dated 20 June 2017 entered into by, among others, SDG Hong Kong and several financial institutions, for which China Merchants Bank Co., Ltd. New York Branch acted as the facility agent`
“United States” or “U.S.”	the United States of America;
“USD” or “US dollar(s)”	United States dollar, the lawful currency of the United States;
“Veladero Gold Mine”	Veladero Gold Mine, Argentina;
“Xihe Zhongbao”	Xihe Zhongbao Mining Co., Ltd.;
“Xiling Gold Mine Exploration Right”	the exploration and prospecting right of the gold mine at Xiling Village in Laizhou City, Shandong Province;
“Xincheng Gold Mine”	Xincheng Gold Mine, Shandong Gold Mining Co., Ltd.;
“Xinhui Company”	Shandong Gold Mining (Xinhui) Co., Ltd.; and
“Yinan Gold Mine”	Shandong Gold Mining (Yinan) Co., Ltd..



SD GOLD