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

# SHANDONG GOLD MINING CO., LTD.

# 山東黃金礦業股份有限公司

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

**(Stock Code: 1787)**

## REVISION OF THE ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW COMPREHENSIVE SERVICE FRAMEWORK AGREEMENT

### BACKGROUND

Reference is made to the announcement (the "**CCT Announcement**") of the Company dated 4 December 2023 in relation to the New Comprehensive Service Framework Agreement entered into between the Company and SDG Group Co. for the following continuing connected transactions:

(1) procurement of supplies, products and services by the Group from SDG Group, pursuant to which, the Group may from time to time purchase from SDG Group various types of supplies, products and services, including but not limited to products such as materials, equipment, petrol and gold and services such as supply of water and electricity, exploration, design, supervision, engineering labour training, conference affairs, accommodation, property services, publicity, decoration and commissioned processing (the "**Procurement of Products and Services from SDG Group**");

(2) sales of supplies, products and services by the Group to SDG Group, pursuant to which, the Group may from time to time sell to SDG Group various types of supplies, products and services, including but not limited to products such as materials, equipment, chlorine slag, gold, gold concentrate, silver concentrate, silver, lead-zinc, sulphide ore and workwear and services such as water and electricity (the "**Sales of Products and Services to SDG Group**");

(3) granting by SDG Group to the Group the rights to use certain trademarks/logos and certain equipment, vehicles, buildings and landed properties (the "**Trademark Licensing and Property Leasing from SDG Group**");

(4) leasing of buildings and equipment by the Group to SDG Group (the "**Property Leasing to SDG Group**"); and

(5) equity entrustment services provided by the Group to SDG Group whereby SDG Group Co. will entrust the Group with the management and operation of certain of its PRC subsidiaries which are or through their subsidiaries principally engaged in gold mining, non-ferrous mining, other mining related operations (the "**Equity Entrustment Services**").

Term: The New Comprehensive Service Framework Agreement is valid from 1 January 2024 to 31 December 2026 for a term of three years. Members of the Group and members of SDG Group will enter into separate agreements which will set out the specific terms and conditions according to the principles and conditions provided in the New Comprehensive Service Framework Agreement.

Furthermore, in accordance with the Company's announcement dated 28 August 2024 (the "**First Amendment Announcement**"), as the actual amounts of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group and the Property Leasing to SDG Group would exceed original forecasts, the existing annual caps of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group and the Property Leasing to SDG Group for the financial year ended 31 December 2024 were expected to be insufficient. Accordingly, on 28 August 2024 (after trading hours), the Board approved the resolutions on the increase in annual caps of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group and the Property Leasing to SDG Group for the financial year ended 31 December 2024, and re-complied with the provisions of Chapter 14A of the Hong Kong Listing Rules.

For details of the New Comprehensive Service Framework Agreement, including but not limited to the terms thereof, basis for annual caps, pricing policies and reasons for and benefits of the transactions contemplated under the New Comprehensive Service Framework Agreement, as well as the details of the revision to the annual caps for the sales of products and services to SDG Group, the trademark license and property right leasing granted by SDG Group, and the provision of property right leasing to SDG Group for the financial year ended 31 December 2024, please refer to the CCT Announcement and the First Amendment Announcement.

As the actual amounts of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group are expected to exceed original forecasts, the existing annual caps of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group for the financial year ending 31 December 2025 are expected to be insufficient. Accordingly, on 27 August 2025 (after trading hours), the Board approved the resolutions on the increase in annual caps of the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group for the financial year ending 31 December 2025, and re-complied with the provisions of Chapter 14A of the Hong Kong Listing Rules.

## EXISTING AND PROPOSED REVISED ANNUAL CAPS

Set out below are the existing annual caps and the proposed revised annual caps of the transactions contemplated under the New Comprehensive Service Framework Agreement for the financial year ending 31 December 2025, including the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group, as well as the actual transaction amounts for the seven months ended 31 July 2025:

### Sales of Products and Services to SDG Group

| | **For the financial year ending 31 December 2025** *(RMB0'000)* |
|---|---|
| Annual cap of the Sales of Products and Services to SDG Group | 129,524.83 |
| Revised annual cap of the Sales of Products and Services to SDG Group | 239,556.77 |

| | **For the seven months ended 31 July 2025** *(RMB0'000)* |
|---|---|
| Actual transaction amount of the Sales of Products and Services to SDG Group | 88,340.63 |

### Trademark Licensing and Property Leasing from SDG Group

| | **For the financial year ending 31 December 2025** *(RMB0'000)* |
|---|---|
| Annual cap of the Trademark Licensing and Property Leasing from SDG Group | 5,673.22 |
| Revised annual cap of the Trademark Licensing and Property Leasing from SDG Group | 8,561.61 |

| | For the seven months ended 31 July 2025 *(RMB0'000)* |
|---|---|
| Actual transaction amount of the Trademark Licensing and Property Leasing from SDG Group | 3,743.84 |

Save for the revision of the above annual caps, all other terms under the New Comprehensive Service Framework Agreement remain unchanged.

## BASIS FOR THE REVISED ANNUAL CAPS

In determining the revised annual caps of the transactions contemplated under the New Comprehensive Service Framework Agreements, including the Sales of Products and Services to SDG Group, the Trademark Licensing and Property Leasing from SDG Group, the Company has considered, among others, the following key factors:

### Sales of Products and Services to SDG Group

The sales of products and services to SDG Group in 2025 are expected to increase the amount of connected transactions by approximately RMB1,100.3193 million, mainly because:

1. Inner Mongolia Shanjin Changtai Mining Co., Ltd. (內蒙古山金昶泰礦業有限責任公司), a controlled subsidiary of the Company, was a newly added entity in the first half of 2024. It has conducted connected transactions such as the sales of concentrate products with subsidiaries of SDG Group Co.. These transactions were not included when forecasting the three-year connected transaction limits in 2023, and the connected transaction amount is expected to increase by RMB360.00 million in 2025;

2. Due to the changes in the sales method of alloy gold, Xihe County Zhongbao Mining Co., Ltd. (西和縣中寶礦業有限公司), a controlled subsidiary of the Company has signed gold sales contracts with subsidiaries of SDG Group Co. in 2025, and the connected transaction amount is expected to increase by RMB182.80 million;

3. SDG (Shenzhen) Gold Investment Development Co., Ltd. (山金金控 (深圳) 黃金投資發展有限公司), a wholly-owned subsidiary of the Company, acts as a client's agent of the Shanghai Gold Exchange. It sells gold product raw materials to the subsidiaries of SDG Group Co. at fair market prices, and the connected transaction amount is expected to increase by RMB410.00 million; and

4. Shandong Gold Mining (Yinan) Co., Ltd. (山東黃金礦業 (沂南) 有限公司), a wholly-owned subsidiary of the Company, has increased the sales of non-ferrous metal products to the subsidiaries of SDG Group Co. by RMB111.5214 million.

**Trademark Licensing and Property Leasing from SDG Group**

The trademark licensing and property leasing from SDG Group in 2025 are expected to increase the amount of connected transactions by approximately RMB28.8840 million, mainly because:

1. The land lease contracts signed between the Company's wholly-owned subsidiaries (branches) — Shandong Gold Mining (Laizhou) Co., Ltd., Sanshandao Gold Mine, Jiaojia Gold Mine, Shandong Gold Mining (Laizhou) Co., Ltd., Xincheng Gold Mine, Shandong Gold Mining Co., Ltd., Shandong Gold Mining (Yinan) Co., Ltd. and SDG Group have expired. In 2025, the above four subsidiaries (branches) will re-sign the contracts with SDG Group based on the land lease price assessment report, and the connected transaction amount is expected to increase by RMB23.2697 million; and

2. A number of the Company's subsidiaries need to expand their vehicle leasing business due to business needs, and the amount of leasing connected transactions is expected to increase by RMB9.00 million.

**PRICING POLICIES**

Both parties agree that when one party to the agreement provides services, purchases and sells products to the other party, it will determine the pricing of each product and service in the following sequence:

Government pricing and government's guiding price: if government pricing is applicable to any particular supplies, products or services, such supplies, products or services shall be supplied at the applicable government pricing. If the government has guiding charging standards, the price shall be agreed within the range of the government's guiding price.

Bidding price: if laws and regulations require that bidding procedures must be applied, the price will be determined according to the final price determined based on the bidding procedures.

Market price: the price will be determined on the normal commercial terms and based on the market price at which the Independent Third Parties provide the same or similar products or services on normal commercial terms in the ordinary course of their business operations (the "**Market Price**"). The Company will generally obtain quotations from at least two Independent Third Parties for reference by telephone, email, webpage and other means, or will refer to market prices published on platforms such as the Shanghai Gold Exchange and the Shanghai Metals Market (上海有色網).

Appraisal price: for properties and land leased for production and operation, the annual rent will be determined with reference to its appraisal price.

Agreed price: the price will be determined through arm's length negotiations by both parties on normal commercial transaction conditions. In determining the agreed price, the parties usually refer to the historical transaction amount and/or the cost and reasonable profit margin of the relevant products or services after arm's length negotiation.

**Sales of Products and Services to SDG Group**

For the Sales of Products and Services to SDG Group, the pricing policies of government pricing and government's guiding price and the Market Price will be mainly applied. For example, (i) for the gold price of the sales of gold to SDG Group, the Group and SDG Group will refer to the market price of the relevant period as quoted on the Shanghai Gold Exchange; (ii) for the prices of sales of lead and zinc concentrates by the Group to SDG Group, the parties to the transaction will refer to the lead and zinc benchmark prices published by the Shanghai Metals Market (上海有色網); and (iii) for the provision of technical services by the Group to SDG Group, the transaction price will be determined with reference to the fees charged by two similar technical service enterprises for providing the same or similar technical services.

**Trademark Licensing from SDG Group**

For the trademark licensing from SDG Group, the pricing policy of agreed price will be applied.

The annual licensing fee is charged at a fixed amount of approximately RMB2.51 million for the three financial years ending 31 December 2026 which is determined with reference to historical fees and expected transaction amount.

**Property Leasing Provided from SDG Group**

For the property leasing provided from SDG Group, the pricing policies of appraisal price and market price will be applied.

For properties leased for production and operation, the annual rent will be determined with reference to its appraisal price. For properties leased for office use, the price shall be determined after taking into account the then market rents prevailing. The annual rent of equipment will be determined with reference to the then market price prevailing of the same or similar products or services. If no reference is available, the price will be determined through arm's length negotiations by the parties on normal commercial terms.

**REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS**

The Group's business covers a broad range of gold exploration, mining, processing, smelting and sales. In relation to the Sales of Products and Services to SDG Group, the Group has supplied various products and services to SDG Group Co. and/or its associates since 2018, and the Group is familiar with the specification and quality of such products and services required by it due to long-term cooperation. It helps the Group to effectively control the transaction risk and communication costs during the sales process and is beneficial to the business development of the Group. As SDG Group's business grows, its demand for concentrate products, gold products, mining equipment and related services also increases year by year, and the revised annual caps are in line with SDG Group's business growth.

In relation to property leasing provided from SDG Group, during historical acquisitions of businesses or assets, the relevant leased properties that the Group has been occupying were not injected into the Group and remained under the ownership of SDG Group. Since the relocation of adjacent properties of the mines to other premises would result in unnecessary costs, the Company believes that entering into the above transactions are more cost-effective and to the benefit of the business operation.

The increase in the proposed annual caps of transactions contemplated including the Sales of Products and Services to SDG Group and the Trademark Licensing and Property Leasing from SDG Group is based on the Group's daily operating needs. The above increase will not prejudice the interests of the Company's minority shareholders, nor will have any adverse impact on the ongoing operations, profitability and independence of the Company.

## CONFIRMATION BY THE BOARD

The Directors, including the independent non-executive Directors, are of the view that, the above continuing connected transactions under the New Comprehensive Service Framework Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Group, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Directors, including the independent non-executive Directors, are also of the view that, the revised annual caps set out in connection with the transactions contemplated under the New Comprehensive Service Framework Agreement, including the Sales of Products and Services to SDG Group and the Trademark Licensing and Property Leasing from SDG Group are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. The Directors, Mr. Han Yaodong and Mr. Liu Qin, who also hold senior management positions in SDG Group, are deemed to have material interests in the continuing connected transactions contemplated under the New Comprehensive Service Framework Agreement and have abstained from voting on the relevant resolutions of the Board. Save for the Directors mentioned above, none of the other Directors has or is deemed to have a material interest in the above transactions.

## INTERNAL CONTROL

In order to ensure that the terms under the New Comprehensive Service Framework Agreement are not less favourable than those available from the Independent Third Parties, the Company has adopted the following measures:

1. the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control mechanism on continuing connected transactions. Prior to the entering into of the transactions under the New Comprehensive Service Framework Agreement, the relevant personnel of the business department of the Company and/or its subsidiaries that are conducting transactions with SDG Group are responsible to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of their respective agreements, whether the prices charged for specific transactions are fair and reasonable and in accordance with the aforesaid pricing policy;

2. the Company's finance department and the office of the Board are responsible for monitoring the actual transaction amounts to ensure not exceeding the annual caps;

3. the Company's internal audit department is responsible for conducting an annual assessment of the Group's internal control procedures, including but not limited to review on the information relating to the management of continuing connected transactions; and

4. the Company's external auditor and the independent non-executive Directors will conduct an annual review on the continuing connected transactions pursuant to the Hong Kong Listing Rules.

## INFORMATION OF THE RELEVANT PARTIES

### The Company

The Company was established by its promoters with approval from the Shandong Economic System Reform Committee (山東省經濟體制改革委員會) and the People's Government of Shandong Province (山東省人民政府) in January 2000. The Company is an integrated gold company listed on the SSE and the Hong Kong Stock Exchange since 2003 and 2018, respectively. It is one of the largest gold producers listed domestically and/or in Hong Kong that operates in the PRC. The mining enterprises under the Company are distributed across Shandong, Fujian, Inner Mongolia, Gansu, Xinjiang, Jilin, Heilongjiang, Qinghai, Yunnan and other regions in China, as well as in countries including Argentina in South America, and Ghana and Namibia in Africa. We have established a comprehensive industrial chain that integrates gold exploration, mining, mineral processing, smelting, deep processing and sales of gold products, and mining equipment manufacturing. Furthermore, we possess an industry-leading scientific and technological R&D system, along with a supporting platform for mining financial services and capital investment and financing.

### SDG Group Co.

As the controlling shareholder of the Company, SDG Group Co. was established in the PRC in July 1996. SDG Group Co. 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 gold resources of SDG Group Co. are mainly located in the PRC.

## HONG KONG LISTING RULES IMPLICATIONS

Any transactions between the Group and SDG Group Co. or its associates (as defined under Chapter 14A of the Hong Kong Listing Rules) will constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules. As a result, the New Comprehensive Service Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As one or more applicable percentage ratios with respect to respective revised annual caps for the Sales of Products and Services to SDG Group and the Trademark Licensing and Property Leasing from SDG Group under the New Comprehensive Service Framework Agreement on an annual basis are more than 0.1% but less than 5%, such revised annual caps are subject to the reporting and announcement requirements but exempt from the Independent Shareholders'

approval requirement under Chapter 14A of the Hong Kong Listing Rules. The Company will disclose such details in the next annual report to be published and the Company's accounts in accordance with the relevant requirements set out in Rule 14A.71 of the Hong Kong Listing Rules.

As the A Shares are listed on the SSE, the Company will continue to be subject to and regulated by the SSE Listing Rules and other applicable laws and regulations in the PRC insofar as the A Shares remain listed. The requirements of the Hong Kong Listing Rules in relation to connected transactions are different from those of the SSE Listing Rules. In particular, the definition of connected person under the Hong Kong Listing Rules is different from the definition of related party under the SSE Listing Rules. Therefore, a connected transaction under the Hong Kong Listing Rules may or may not constitute a related party transaction under the SSE Listing Rules, and vice versa.

As at the date of this announcement, the Board confirms that the Company's actual transaction amounts under the New Comprehensive Service Framework Agreement have not exceeded the existing annual caps.

**DEFINITIONS**

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

| | |
|---|---|
| "A Share(s)" | the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.0 each, which are listed on the Shanghai Stock Exchange; |
| "associate(s)" | has the meaning as ascribed to it under the Hong Kong Listing Rules; |
| "Board" | the board of Directors of the Company; |
| "Company" | Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), a joint stock company incorporated under the laws of the PRC 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; |
| "connected person(s)" | has the meaning as ascribed to it under the Hong Kong Listing Rules; |
| "connected transactions" | has the meaning as ascribed to it under the Hong Kong Listing Rules; |
| "controlling shareholder(s)" | has the meaning as ascribed to it under the Hong Kong Listing Rules; |

| | |
|---|---|
| "Director(s)" | the director(s) of the Company; |
| "Group" | the Company and its subsidiaries; |
| "H Share(s)" | the overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB1.0 each, which are listed on the Hong Kong Stock Exchange; |
| "Hong Kong" | Hong Kong Special Administrative Region of the PRC; |
| "Hong Kong Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time; |
| "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Independent Shareholders" | the Shareholders other than SDG Group Co. and its associates; |
| "Independent Third Party(ies)" | the third party(ies) independent from the Company and its connected person(s) (as defined in the Hong Kong Listing Rules); |
| "New Comprehensive Service Framework Agreement" | the comprehensive service framework agreement dated 4 December 2023 between the Company and SDG Group Co.; |
| "PRC" | the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan; |
| "RMB" | Renminbi, the lawful currency of the PRC; |
| "SDG Group" | SDG Group Co. and all of its subsidiaries; |
| "SDG Group Co." | Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), a limited liability company incorporated in the PRC on 16 July 1996, the controlling shareholder of the Company; as of the date of this announcement, SDG Group Co. is held as to 70%, 20% and 10% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd. (山東國惠投資控股集團有限公司) and Shandong Caixin Asset Management Co., Ltd. (山東省財欣資產運營有限公司), respectively. Shandong Guohui Investment Holding Group Co., Ltd. is a limited liability company established in the PRC and is held as to 100% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government; |

| | |
|---|---|
| "Shanghai Stock Exchange"or "SSE" | Shanghai Stock Exchange (上海證券交易所); |
| "Share(s)" | share(s) in the share capital of the Company, with a nominal value of RMB1.0 each, including A Share(s) and H Share(s); |
| "Shareholder(s)" | holder(s) of the Share(s); |
| "SSE Listing Rules" | the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則), as amended, supplemented or otherwise modified from time to time; and |
| "%" | per cent. |

By order of the Board
**Shandong Gold Mining Co., Ltd.**
**Han Yaodong**
*Chairman*

Jinan, the PRC, 27 August 2025

*As at the date of this announcement, the executive Directors are Mr. Xiu Guolin, Mr. Xu Jianxin, Mr. Tang Qi and Ms. Liu Yanfen; the non-executive Directors are Mr. Han Yaodong and Mr. Liu Qin; and the independent non-executive Directors are Mr. Zhan Kai, Mr. Liew Fui Kiang and Ms. Zhao Feng.*