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SD-GOLD

SHANDONG GOLD MINING CO., LTD.

山東黃金礦業股份有限公司

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

(Stock Code: 1787)

OVERSEAS REGULATORY ANNOUNCEMENT

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

Set out below is the Announcement on the Provision for Asset Impairment in 2024, published by Shandong Gold Mining Co., Ltd. (the “**Company**”) on the website of the Shanghai Stock Exchange at www.sse.com.cn, for information purpose only.

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

Jinan, the PRC, 27 March 2025

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

SHANDONG GOLD MINING CO., LTD. ANNOUNCEMENT ON THE PROVISION FOR ASSET IMPAIRMENT IN 2024

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

The 71st meeting of the sixth session of the board of directors and the 43rd meeting of the sixth session of the supervisory committee of Shandong Gold Mining Co., Ltd. (hereinafter referred to as the “Company”) was convened on 27 March 2025, at which the Resolution on the Company’s Provision for Asset Impairment in 2024 was considered and approved. The relevant information is hereby announced as follows:

I. OVERVIEW OF THE PROVISION FOR ASSET IMPAIRMENT

(I) Reasons for the provision for asset impairment

In order to reflect the Company’s financial condition and assets value more truthfully, accurately and objectively, the Company and its subsidiaries conducted a comprehensive inventory of various assets at the end of 2024 in accordance with the Accounting Standards for Business Enterprises and relevant accounting policies of the Company, and have evaluated and tested the impairment of assets. Among them, a special test was carried out on the recoverable amount of goodwill assets, and a corresponding impairment provision has been made for the relevant assets.

(II) The scope of assets, total amount and reporting period to be included in for the provision for asset impairment, inventories, fixed assets, goodwill, notes receivable, accounts receivable, other receivables and other current assets have been partially impaired after reviewing assets that may show any indication of impairment and conducting impairment test on assets at the end of 2024 by the Company and its subsidiaries.

In the financial statements for 2024 under the Chinese Accounting Standards, the provision made for impairment of various assets amounted to RMB86,193,519.49 in total, the breakdown of which is set out in the table below:

Unit: RMB

Category	Asset	Amount of provision for asset impairment in 2024
Provision for inventory impairment	Inventories	5,432,060.10
Provision for asset impairment	Fixed assets	2,665,173.85
	Goodwill	42,173,675.85
Provision for impairment of financial instruments	Notes receivable	5,338,405.98
	Accounts receivable	4,893,012.99
	Other receivables	25,187,504.84
	Other current assets	503,685.88
Total		86,193,519.49

II. PARTICULARS OF THE PROVISION FOR ASSET IMPAIRMENT

(I) Explanation on the provision for asset impairment

1. Provision for inventory impairment

According to the Accounting Standards for Business Enterprises No.1 - Inventories (Cai Kuai (2006) No.3), on the balance sheet date, the Company's inventories are measured at the lower of cost or net realizable value. When its net realizable value is lower than its cost, a provision for inventory write-downs is made. If the factors affecting previous write-downs of inventories have disappeared, resulting in the net realizable value of inventories being higher than their carrying amount, the provision for inventory write-downs is reversed within the amount originally provided for, and the reversal is recognized in profit or loss for the period.

According to the test results, the Company shall make a provision for impairment on inventories of RMB5,432,060.10.

2. Provision for asset impairment

According to Accounting Standards for Business Enterprises No.8 - Impairment of Assets (Cai Kuai (2006) No.3), the Company allocates the carrying amount of goodwill arising from business merger not under common control to the asset groups or the combination of asset groups that is expected to benefit from the synergies of the business merger, using a reasonable method, from the acquisition date. The Company shall conduct an annual impairment test for such goodwill. If the recoverable amount of the asset groups or the combination of asset groups containing the allocated goodwill is lower than its carrying amount, the corresponding impairment loss shall be recognized.

In accordance with the Assets Assessment Report on the Recoverable Amount Items of the Combination of asset groups of Shandong Gold Group Penglai Mining Co., Ltd. Involving the Proposed Test on Goodwill Impairment by Shandong Gold Mining Co., Ltd. (Zhong Lian Ping Bao Zi (2025) No. 826), Shandong Gold Group Penglai Mining Co., Ltd. (“Penglai Mining”) expected the recoverable amount of asset groups to be RMB2,671,325,625.31. Penglai Mining’s carrying amount of asset groups containing the overall goodwill was RMB2,716,164,475.01. The recoverable amount of the combination of asset groups was lower than its carrying amount, and as such, it is needed to recognize the corresponding impairment loss. The amount of impairment loss first was offset against the carrying amount of goodwill allocated to the asset group of RMB42,173,675.85. Then, such amount of impairment loss was offset against the carrying amount of other assets in proportion to the carrying amount of other assets except goodwill in the asset group. The provision for impairment of fixed assets was RMB2,665,173.85.

3. Provision for impairment of financial instruments

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

After calculation, the Company should make a provision for impairment of financial instruments of RMB35,922,609.69, including the provision for impairment on notes receivable of RMB5,338,405.98, the impairment provision for accounts receivable of RMB4,893,012.99, the impairment provision for other receivables of RMB25,187,504.84 and the impairment provision for other current assets of RMB503,685.88.

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

Difference of the provision with the impairment provision under the International Accounting Standards and the PRC Accounting Standards:

Unit: RMB

Items		Under the PRC Accounting Standards	Under the International Accounting Standards	Difference
Provision for inventory impairment	Inventories	5,432,060.10	5,432,060.10	
Provision for asset impairment	Fixed assets	2,665,173.85		2,665,173.85
	Intangible assets		8,371,569.25	-8,371,569.25
	Goodwill	42,173,675.85		42,173,675.85
	Subtotal	44,838,849.70	8,371,569.25	36,467,280.45
Provision for impairment of financial instruments	Notes receivable	5,338,405.98	5,338,405.98	
	Accounts receivable	4,893,012.99	4,893,012.99	
	Other receivables	25,187,504.84	25,187,504.84	
	Other current assets	503,685.88	503,685.88	
	Subtotal	35,922,609.69	35,922,609.69	
Total		86,193,519.49	49,726,239.04	36,467,280.45

The reasons for the difference are explained as follows: Under the PRC Accounting Standards, the difference between the cost of the Company's acquisition of a subsidiary and the fair value of the identifiable net assets of the acquiree obtained in the merger is treated as an asset and recognized as goodwill and is initially measured at cost and presented separately in the consolidated financial statements. Goodwill is tested for impairment at the end of each year and is measured at cost less accumulated impairment provisions.

However, when the Company prepares its financial statements for disclosure on the Hong Kong Stock Exchange in accordance with the International Financial Reporting Standards, goodwill is distributed to the value of the relevant assets in accordance with the value

distribution report of the acquired assets. The difference in the carrying amount of the assets results in the difference in the provision for impairment on the relevant asset groups during the year.

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

The provision for asset impairment amounting to RMB86,193,519.49 in total in 2024 is fully included in profit or loss for 2024, which will reduce the total profit for 2024 by RMB86,193,519.49 correspondingly.

IV. EXPLANATION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS ON THE REASONABLENESS OF THE PROVISION FOR ASSET IMPAIRMENT

The Company's provision for asset impairment in 2024 complies with and is in line with the regulations of the Accounting Standards for Business Enterprises and relevant systems of the Company. The basis for making provision for asset impairment is sufficient and in line with current operating condition of the Company. The Company's provision for asset impairment is based on the principle of prudence, which will help more fairly reflect the financial condition and assets value of the Company as of 31 December 2024, so that the Company's accounting information is more reasonable. The audit committee agrees with the provision for asset impairment and submits the same to the board of directors for consideration.

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

The 71st meeting of the sixth session of the board of directors of the Company has considered and approved the Resolution on the Company's Provision for Asset Impairment in 2024. The board of directors believes that based on the judgment of actual situation and impairment tests and in accordance with the principle of prudence, the Company's provision for asset impairment complies with and is in line with the regulations of the Accounting Standards for Business Enterprises and relevant systems of the Company, which is in line with the regulations and the actual situation, and helps fairly reflect the financial condition and assets

value of the Company and ensures the fairness and rationality of the Company's accounting information.

VI. OPINIONS OF THE SUPERVISORY COMMITTEE

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

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

27 March 2025