

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.



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 Estimate of New Daily Connected Transactions after the Majority-owned Subsidiary Acquires the Equity of Shandong Tiancheng Mining Co., Ltd. published by Shandong Gold Mining Co., Ltd. (the “**Company**”) on the website of the Shanghai Stock Exchange at www.sse.com.cn, for information purpose only.

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

Jinan, the PRC, 5 August 2021

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 Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive directors of the Company are Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng.

Shandong Gold Mining Co., Ltd.
Announcement on the Estimate of New Daily
Connected Transactions after the Majority-owned
Subsidiary Acquires the Equity of Shandong
Tiancheng Mining Co., Ltd.

The Company and all members of its board of directors guarantee that there are no false representations and misleading statements contained in, or materials omissions from, this announcement, and severally and jointly accept the responsibility in respect of the truthfulness, accuracy and completeness of the content.

Important Notice:

- The estimate of new daily connected transactions (the “New Daily Connected Transactions”) after Shandong Gold Mining (Laizhou) Co., Ltd. (“Laizhou Company”), a majority-owned subsidiary of the Company, acquires the equity of Shandong Tiancheng Mining Co., Ltd. (“Tiancheng Mining”) are to be submitted to the general meeting of the Company for consideration.

- The New Daily Connected Transactions are related to the Company’s day-to-day operation, with prices determined by negotiation on the basis of market levels, are fair and reasonable and will not have any adverse impact on the ability of the Company in operating as a going concern, its profitability or independence of assets, nor will they result in any reliance of the Company on its related parties.

I. Basic Information of the New Daily Connected Transactions

(i) Consideration procedures performed for the New Daily Connected Transactions

1. At the tenth meeting of the sixth session of the Board of the Company held on 5 August 2021, the Resolution on the Estimate of the New Daily Connected Transactions after the Majority-owned Subsidiary Acquires the equity of Shandong Tiancheng Mining Co., Ltd. was considered and passed. When the Board was considering this resolution, Li Guohong, Wang Lijun and Wang Xiaoling, being interested Directors, abstained from voting in respect of this resolution, while all disinterested Directors unanimously passed this resolution.

2. At the fifth meeting of the sixth session of the Supervisory Committee held on 5 August 2021 by the Company, the Resolution on the Estimate of the New Daily Connected Transactions after the Majority-owned Subsidiary Acquires the equity of Shandong Tiancheng Mining Co., Ltd. was considered and passed by the Supervisory Committee of the Company.

3. This resolution has obtained prior consents of the independent non-executive Directors who have expressed independent opinions in agreement.

The independent non-executive Directors of the Company are of the opinion that:

(1) The Company's estimate of the New Daily Connected Transactions after Shandong Gold Mining (Laizhou) Co., Ltd. acquires 100% equity of Shandong Tiancheng Mining Co., Ltd. is necessary for its daily production and operation. For Tiancheng Mining's purchase of goods and services and receipt of labor services from related parties, and sales of goods to related parties, prices are fair and reasonable and do not compromise the interests of the Company and disinterested shareholders. All of the related parties selected by the Company have good business reputation and financial condition, which could reduce the operation risks of the Company and

facilitate the Company to proceed with its normal operations. The connected transactions would not result in the reliance of the Company's principal businesses on the related parties, nor would they have any influence on the independence of the Company.

(2) The interested Directors abstained from voting when the Board was considering the resolution. The voting procedures comply with the relevant requirements of relevant laws, regulations and the Articles of Association, and the resolution made at the meeting is legal and valid.

(3) It is unanimously agreed that matters related to the estimate of connected transactions will be submitted to the second extraordinary general meeting of 2021 of the Company for consideration.

(ii) Estimated amount and category of the New Daily Connected Transactions after the subsidiary acquires the equity of Shandong Tiancheng Mining Co., Ltd.

Unit: RMB'0,000

Nature of transaction	Counterparty name	Content of transaction	Actual transaction amount from January to July 2021	Estimated transaction amount from August to December 2021
Purchase of goods/receipt of services	SDG Electricity Co., Ltd.	Experimenting services, electricity, electric appliances and circuit testing services	396.19	410.50
	SDG Design and Consultancy Co., Ltd.	Spare parts, equipment and facilities, design services and assessment services	0.70	35.00
	Shandong Gold Senior Technical School	Education and training services	-	55.00
	Sub-total		396.89	500.50
Connected lease	SDG Group Laizhou Mining Co., Ltd.	Lease of a complex	-	80.00

Nature of transaction	Counterparty name	Content of transaction	Actual transaction amount from January to July 2021	Estimated transaction amount from August to December 2021
Sub-total		-	80.00	
Total		396.89	580.50	

II. Profiles of Related Parties and the Relationships

(i) Basic information of the related parties

1. SDG Electricity Co., Ltd.

Domicile: East Jiaojia Village, Jincheng Town, Laizhou, Yantai City, Shandong Province

Registered capital: RMB40.91 million

Shareholder: Shandong Gold Group Co., Ltd. holding 100% of equity

Business scope: sale of electricity, installation (repair, testing) of electricity facilities; design and construction of electrical projects; manufacturing and sale of electrical equipment; provision of electricity technical services (for items that are subject to approval according to laws, operation activities may not be commenced until the approval has been obtained from the relevant authorities)

Relationship with the Company: a fellow subsidiary under the control of the same parent company.

2. SDG Design and Consultancy Co., Ltd.

Domicile: 18/F, Financial Tower, 141 Yingchun Avenue, Laishan District, Yantai City, Shandong Province

Registered capital: RMB50 million

Shareholder: Shandong Gold Group Co. Ltd., holding 100% of equity

Business scope: turnkey contracting business for construction projects and project management and corresponding technical and management services within the scope stipulated in the Engineering Design Qualification Certificate; mine design; development of new mining and processing technology research and experiment achievements and related transfer, consultation and technical services; computer software development, design and transfer services; design, manufacturing and installation of grinding equipment, grading equipment, washing and processing equipment, transportation equipment, scrapers, underground trackless equipment, electromechanical equipment and accessories; manufacture and sale of mining equipment (excluding special equipment) and accessories; construction of mining projects and building projects, labor services (excluding labor dispatch); import and export of goods and technologies; consultation services related to systems and technologies for hierarchical control of work safety risks and for potential risk identification and control; general freight handling; lease of houses and machinery equipment (for items that are subject to approval according to laws, operation activities may not be commenced until the approval has been obtained from the relevant authorities).

Relationship with the Company: a fellow subsidiary under the control of the same parent company

3. Shandong Gold Senior Technical School

Domicile: No. 23 Fenglin Road, Laishan District, Yantai City

Controller: Shandong Gold Group Co., Ltd.

Business scope: cultivating mid- and high-level technical talents for the society, assuming the responsibility of post skills training, and providing secondary vocational education to adults.

4. SDG Group Laizhou Mining Co., Ltd.

Domicile: 609 Laizhou North Road, Laizhou City, Shandong Province

Registered capital: RMB220 million

Shareholders: a top-ranking asset management company holding 96.05% of equity, Shandong Gold Group Co., Ltd. holding 3.95% of equity

Business scope: gold smelting and refining, and sale of self-made products

Relationship with the Company: a fellow subsidiary under the control of the same parent company.

(ii) Relationship with the Company

Among the aforesaid related parties, each of those parties is a fellow subsidiary under the control of the same parent company, which falls within the connected relationship as defined in Paragraph (2) of Article 8 of the Implementation Guidelines for Related Party Transactions of Listed Companies on Shanghai Stock Exchange (《上海證券交易所上市公司關聯交易實施指引》).

(iii) Analysis of the implementation and performance ability of historical similar connected transactions

Each of the aforesaid related parties has a long-term cooperation with the Company and a good track record in implementing the similar connected transactions. Therefore, each of them has a good ability in performing the contract.

III. Reasonableness, Pricing Policy and Fairness of the New Daily Connected Transactions

(i) Reasonableness of connected transactions

The foresaid connected transactions are necessary for the daily operation and development of Tiancheng Mining after the Company's majority-owned subsidiary acquires Tiancheng Mining, and therefore are reasonable. The said connected transactions do not affect the truthfulness of the Company's business performance and have no adverse impact on the Company.

(ii) Pricing Policy and Fairness

1. According to the High Voltage Electricity Supply Contract, the Service Contract for the Spring Testing of 35KV Transformer Substation and the Service Contract for Inspections and Maintenance of External Circuits signed between Tiancheng Mining and SDG Electricity Co., Ltd., the pricing for goods and services procured by Tiancheng Mining from SDG Electricity Co., Ltd., such as experimenting services, electricity, electric appliances and circuit testing services, was determined by mutual negotiation with reference to the market-based fair pricing level of similar goods and services in the market and industry practice, which was fair and reasonable, and there was no situation where the pricing of the connected transactions was unfair.

2. According to the Service Contract for the Upgrading of Hongbu 35KV Transformer Substation and the Design of Diesel-driven Generator signed between Tiancheng Mining and SDG Design and Consultancy Co., Ltd., the pricing for goods and services procured by Tiancheng Mining from SDG Design and Consultancy Co., Ltd., such as spare parts, equipment and facilities, design services and assessment services, was determined by mutual negotiation with reference to the market-based fair pricing level of similar goods and services in the market and industry practice, which was fair and reasonable, and there was no situation where the pricing of the connected transactions was unfair.

3. According to the Training Agreement signed between Tiancheng Mining and Shandong Gold Senior Technical School, the pricing for education and training services procured by Tiancheng Mining from Shandong Gold Senior Technical School was determined by mutual negotiation with reference to the market-based fair pricing level of similar services in the market and industry practice, which was fair and reasonable, and there was no situation where the pricing of the connected transactions was unfair.

4. According to the Property Lease Agreement signed between Tiancheng Mining and SDG Group Laizhou Mining Co., Ltd., the rental price of the complex

leased by Tiancheng Mining to Shandong Gold Group Laizhou Mining Co., Ltd. was determined by mutual negotiation with reference to the market-based fair pricing level of similar services in the market and industry practice, which was fair and reasonable, and there was no situation where the pricing of the connected transactions was unfair.

IV. Purpose of Connected Transactions and Impact on the Company

The Company's estimate of the New Daily Connected Transactions after the majority-owned subsidiary acquires the equity of Tiancheng Mining are necessary for the Company's daily production and operation, and for the purpose of ensuring the continuous and effective production and operation of the Company. The Company has selected the related parties based on its knowledge on their operation management, creditability and performance ability and the geographical convenience, which would reduce the procurement and sales cost and broaden the financing channels. The terms of the connected transactions are fair and reasonable, and will not compromise the interests of the Company and minority shareholders. In addition, the connected transactions will not have any adverse impact on the ability of the Company in operating as a going concern, its profitability or independence, nor will they result in any reliance of the Company on its related parties.

The announcement is hereby made.

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

5 August 2021