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If you have sold or transferred all your shares in **Shandong Gold Mining Co., Ltd.**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

- 1) RESOLUTION ON THE REMUNERATIONS OF THE DIRECTORS,
SPECIAL ADVISOR TO THE BOARD, SUPERVISORS, SENIOR MANAGEMENT
OF THE COMPANY**
- 2) RESOLUTION ON THE ENTERING INTO OF THE COMPREHENSIVE SERVICE
FRAMEWORK AGREEMENT AND CONFIRMATION OF THE CAPS OF
CONTINUING CONNECTED TRANSACTIONS DURING THE YEARS
OF 2021 TO 2023**
- 3) RESOLUTION ON THE ELECTION OF THE NON-INDEPENDENT DIRECTORS
OF THE SIXTH SESSION OF THE BOARD**
- 4) RESOLUTION ON THE ELECTION OF THE INDEPENDENT NON-EXECUTIVE
DIRECTORS OF THE SIXTH SESSION OF THE BOARD**
- 5) RESOLUTION ON THE ELECTION OF THE SHAREHOLDERS' SUPERVISORS
OF THE SIXTH SESSION OF THE SUPERVISORY COMMITTEE**
- 6) NOTICE OF 2020 SIXTH EXTRAORDINARY GENERAL MEETING**

A notice convening the 2020 sixth extraordinary general meeting (the “EGM”) of Shandong Gold Mining Co., Ltd. (the “Company”) to be held at the conference room of the Company, Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 30 December 2020 is set out on pages II-1 to II-3 of this circular.

The proxy form for use in connection with the EGM is enclosed herewith. The proxy form is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (<http://www.sdhjgf.com.cn>).

Any shareholder(s) of the Company (the “Shareholders”) entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. If you intend to appoint a proxy to attend the EGM and vote on your behalf, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it by hand, by post or by facsimile to the Company's H share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shareholders only) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be) (i.e. before 9:00 a.m. on Tuesday, 29 December 2020). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment hereof should you so wish.

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DEFINITIONS

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

“A Shareholder(s)”	holder(s) of A Shares;
“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Board”	the board of Directors;
“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;
“Company Law”	the Company Law of the PRC;
“Directors”	the directors of the Company;
“EGM”	the 2020 sixth extraordinary general meeting of the Company to be held at 9:00 a.m. on Wednesday, 30 December 2020 at the conference room of the Company, Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan, Shandong Province, the PRC;
“Group”	the Company and its subsidiaries;
“H Shareholder(s)”	holder(s) of H Shares;
“H Shares”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“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;

DEFINITIONS

“Latest Practicable Date”	4 December 2020, being the latest practicable date prior to the printing of this circular;
“Nomination Committee”	the nomination committee of the Company;
“PRC”	the People’s Republic of China;
“Prospectus”	the prospectus issued by the Company in connection with the Hong Kong public offering dated 28 September 2018;
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“SDG Capital Management”	SD Gold 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 and a wholly-owned subsidiary of the Company;
“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, and was held as to approximately 70% by Shandong SASAC, as to approximately 20% by Shandong Guohui Investment Co., Ltd. (山東國惠投資有限公司) and as to approximately 10% by Shandong Social Security Fund Committee (山東省社會保障基金理事會);
“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;
“SSE”	Shanghai Stock Exchange (上海證券交易所);
“Shareholders”	A Shareholders and H Shareholders of the Company;
“Supervisors”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Peiyue
Mr. Li Tao (*Vice-Chairman*)
Mr. Tang Qi

Non-executive Directors:

Mr. Li Guohong (*Chairman*)
Mr. Wang Lijun
Ms. Wang Xiaoling

Independent Non-executive Directors:

Mr. Gao Yongtao
Mr. Lu Bin
Ms. Hui Wing

***Registered office and headquarters
in the PRC:***

Building No. 3, Shuntai Plaza
Shunhua Road No. 2000
Jinan, Shandong Province
PRC

Principal place of business in Hong Kong:

Rooms 4003-4006
China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

To the Shareholders

Dear Sir or Madam,

- 1) RESOLUTION ON THE REMUNERATIONS OF THE DIRECTORS,
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LETTER FROM THE BOARD

INTRODUCTION

On behalf of the Board, I invite you to attend the EGM to be held at the conference room of the Company, Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan, Shandong Province, PRC at 9:00 a.m. on Wednesday, 30 December 2020. The purpose of this circular is to issue the notice of EGM and provide you with all reasonably necessary information to enable you to make an informed decision as to the resolutions to be proposed at the EGM.

1. RESOLUTION ON THE REMUNERATIONS OF THE DIRECTORS, SPECIAL ADVISOR TO THE BOARD, SUPERVISORS, SENIOR MANAGEMENT OF THE COMPANY

The remuneration standards of the members of the sixth session of the Board have been considered and approved. The allowance of the independent non-executive Directors will be RMB300,000 each year (before tax). Except for the independent non-executive Directors, no directors' emoluments will be paid to the Directors.

In a bid to better promote the implementation of its strategy for the 14th Five-Year period and to fully play the role as a mining expert in supporting and directing the Company's production, operation, international mergers and acquisitions, and corporate management, the Company agreed to appoint Mr. Gao Yongtao as the special advisor of the sixth session of the Board, with a term of office of three years. He is entitled to attend the meetings of the Board and give professional advice in relation to the relevant agenda.

Mr. Gao Yongtao, male, Han nationality, born in December 1962, Chinese, a holder of doctoral degree, a professor and a PhD supervisor. He is currently the chairman of Beijing Anke Technology Co., Ltd. (北京安科興業科技股份有限公司), the chairman of the underground mining committee of the Chinese Society for Metals (中國金屬學會地採委員會), a director of the Rock-Soil Anchoring Engineering Society of China (中國岩土錨固工程協會), the vice chairman of Chinese Sub-society for Soft Rock Engineering of the Chinese Society for Rock Mechanics (中國岩石力學學會軟岩委員會), and an independent non-executive director of the Company. He served as a teaching assistant, a lecturer and an associate professor of School of Resources Engineering of Beijing Steel College (北京鋼鐵學院資源工程學院) (currently known as University of Science and Technology Beijing (北京科技大學)) from July 1985 to August 1998, and a professor and a PhD supervisor of School of Civil and Environmental Engineering of University of Science and Technology Beijing (北京科技大學土木與環境工程學院) since August 1998. He established Beijing Anke Technology Co., Ltd. and served as the chairman since August 2010.

The remuneration standards for the special advisor to the sixth session of the Board: an allowance of RMB300,000 each year (before tax) will be paid to the special advisor.

The remuneration standards for the Supervisors of the sixth session of the Supervisory Committee: no remuneration will be paid to the Supervisors.

The remuneration standards for the members of senior management of the Company: remuneration for the general manager will be RMB898,200 each year (before tax), of which the basic remuneration standard will be RMB182,880 each year (before tax) and the performance remuneration will be paid after the assessment made by the Remuneration and Appraisal Committee. The remuneration standards for deputy general managers will be determined at 72% of those for the general manager and paid after the assessment made by Remuneration and Appraisal Committee. The remuneration standards for secretary to the Board will be RMB427,300 each year (before tax) and will be paid after the assessment made by Remuneration and Appraisal Committee.

The aforesaid resolution was considered and approved by the Board on 3 December 2020 and will be proposed by way of ordinary resolution at the EGM to seek for the Shareholders' approval of the resolution on the Remunerations of the Directors, Special Advisor to the Board, Supervisors, Senior Management of the Company.

LETTER FROM THE BOARD

2. RESOLUTION ON THE ENTERING INTO OF THE COMPREHENSIVE SERVICE FRAMEWORK AGREEMENT AND CONFIRMATION OF THE CAPS OF CONTINUING CONNECTED TRANSACTIONS DURING THE YEARS OF 2021 TO 2023

Background

References are made to the Prospectus in relation to (1) the procurement and sales framework agreement entered into between the Company and SDG Group Co. (the “**Procurement and Sales Framework Agreement**”) and the announcement dated 16 April 2020 in relation to the revision of the annual caps for the Procurement and Sales Framework Agreement for year 2020; (2) trademark license agreement, equity entrustment framework agreement and property leasing framework agreement (collectively the “**Agreements**”) entered into between the Company and SDG Group Co. as disclosed in the Prospectus. Considering that the terms of the Procurement and Sales Framework Agreement and the Agreements will expire on 31 December 2020, the Company entered into the Comprehensive Service Framework Agreement (the “**Comprehensive Service Framework Agreement**”) with SDG Group Co. on 3 December 2020 (after trading hours), and proposed the annual caps for 2021, 2022 and 2023 thereunder to renew the continuing connected transactions. The Comprehensive Service Framework Agreement shall be effective from 1 January 2021 to 31 December 2023 for a term of three years. The principal terms of the Comprehensive Service Framework Agreement are set out below:

Comprehensive Service Framework Agreement

Date:

3 December 2020

Parties:

The Company and the SDG Group Co.

Subject matter:

The Company has entered into a framework agreement for the following:

- (1) procurement and sales of supplies, products and services with SDG Group Co., pursuant to which, the Group may from time to time purchase from and sell to SDG Group Co. and/or its associates various types of supplies, products and services (“**Sales and Procurement**”);
- (2) granting by SDG Group Co. and/or its associates to the Company the rights to use certain trademarks/logos and certain equipments, vehicles and landed properties (“**Trademark Licensing and Property Leasing from SDG Group Co.**”);
- (3) leasing of buildings and equipments by the Company to SDG Group Co. and/or its associates (“**Property Leasing Services to SDG Group Co.**”); and
- (4) equity entrustment services provided to SDG Group Co. whereby SDG Group Co. will entrust the Company 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 (“**Equity Entrustment Services**”).

LETTER FROM THE BOARD

Term:

The Comprehensive Service Framework Agreement will be valid from 1 January 2021 to 31 December 2023 and will be renewable upon its expiration by mutual consent and negotiation between parties.

Relevant associates of both parties will enter into separate agreements which will set out the specific terms and conditions according to the principles and conditions provided in the Comprehensive Service Framework Agreement.

Reasons for and Benefits of the Transactions

The Group's business covers a broad range of gold exploration, mining, processing, smelting and sales. Accordingly, the Group therefore needs various supplies, products as well as relevant services such as supply of water and electricity, mining exploration, design, report preparation, supervision, engineering labor training, conference affairs, accommodation, property leasing, trademark leasing, property services, publicity, decoration, commissioned processing to support our business, some of which are supplied by SDG Group Co. and/or its associates in their ordinary and usual course of business. When the Group procures such supplies, products and services in our ordinary and usual course of business, the Group selects suppliers and determines the relevant terms of procurements through negotiations based on the categories and scales of the procurement. The Group selects the most suitable one among the suppliers available for selection, which comprise connected persons and Independent Third Parties, taking into account their prices, quality of the supplies, payment terms, time required for provision of the products or services and other factors. The Group had selected SDG Group Co. and/or its associates as our suppliers in light of the suitability of the supplies, products or services they offered, clear understanding of its business management, creditworthiness and contract performance capabilities, as well as geographical convenience and reducing the costs of procurement and sales of the Company.

The Group has supplied various products and services to SDG Group Co. and/or its associates during the financial years ended/ending 31 December 2018, 2019 and 2020, and the Group is familiar with the specification and quality of such products and services required by them 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 the Shandong Smelter is eligible to supply standard gold bullion to the Shanghai Gold Exchange, the Group from time to time provided SDG Group Co. and/or its associates with processing services to smelt and refine gold and silver. In addition, the Group also sold gold products and other metals extracted through gold smelting and refining process to SDG Group Co. and/or its associates, as well as relevant ancillary services or goods in the same period.

In relation to the Trademark Licensing, the Group has been using certain trademarks owned by SDG Group Co. in the normal and ordinary course of business. The Company will continue to use them and maintain the consistency and continuity of the corporate image of the Group.

In relation to the Equity Entrustment Services, SDG Group Co. has retained certain gold mining businesses and related operations. As disclosed in the Prospectus, for the purpose of avoiding potential competition from SDG Group Co. and safeguard the interests of the Group and Shareholders, the Group has been entrusted with monitoring the operation and management of the entrusted targets as well as pre-emptive rights over certain entrusted targets. The Directors are of the view that the entrustment arrangements would provide the Group with a sound opportunity to integrate the businesses of the entrusted targets and the Group, and facilitate a smooth transfer of SDG Group Co.'s equity interests in the entrusted targets to the Group when an appropriate opportunity emerges. In determining whether to exercise its pre-emptive rights to acquire the entrusted targets, the Company would take into account, among other things, the progress of exploration, amount of reserves and resources, completeness of title certificates and profitability

LETTER FROM THE BOARD

of the entrusted targets. The Company will apply similar considerations in determining whether to terminate the relevant entrustment agreements.

In relation to property leasing to and/or from SDG Group Co., during historical acquisitions of business or assets, the relevant leased properties that the Company have been occupying were not injected into the Group and remained under ownership of SDG Group Co. or its associates. Since the relocation of adjacent properties of the mines to other premises would result in unnecessary costs, the Company is of the view that entering into the above transaction is more cost-effective and to the benefit of the business operation. On the other hand, SDG Group Co. and its associates also lease from the Group on certain properties that have already been purchased or acquired by the Group for the purpose of saving cost.

Historical Amounts

Procurement of supplies, products and services by the Group from SDG Group Co. and its associates

Set out below are the historical annual caps of the relevant procurements by the Group from SDG Group Co. and its associates for the supplies, products and services for the financial years ended/ending 31 December 2018, 2019 and 2020 and the historical transaction amounts of the procurements by the Group from SDG Group Co. and its associates for the supplies, products and services for the two financial years ended 31 December 2018 and 2019 and the ten months ended 31 October 2020.

	For the financial year ended/ending 31 December		
	2018	2019	2020
	(RMB million)		
Historical annual caps of procurements of supplies, products and services by the Group	1,250.0	2,300.0	2,700.0
	<u>1,250.0</u>	<u>2,300.0</u>	<u>2,700.0</u>
	For the financial year ended 31 December		For the ten months ended 31 October
	2018	2019	2020
	(RMB million)		
Historical transaction amounts of procurements of supplies, products and services by the Group	765.1	2,280.0	2,176.9
	<u>765.1</u>	<u>2,280.0</u>	<u>2,176.9</u>

LETTER FROM THE BOARD

Sales of supplies, products and services from the Group to SDG Group Co. and its associates

Set out below are the historical annual caps of the relevant sales from the Group to SDG Group Co. and its associates for the supplies, products and services for the financial years ended/ending 31 December 2018, 2019 and 2020 and the historical transaction amounts of the relevant sales from the Group to SDG Group Co. and its associates for the supplies, products and services for the two financial years ended 31 December 2018 and 2019 and the ten months ended 31 October 2020.

	For the financial year ended/ending 31 December		
	2018	2019	2020
	(RMB million)		
Historical annual caps of sales of supplies, products and services from the Group	750.0	800.0	850.0
	<u>750.0</u>	<u>800.0</u>	<u>850.0</u>
	For the financial year ended 31 December		For the ten months ended
	2018	2019	31 October 2020
	(RMB million)		
Historical transaction amounts of sales of supplies, products and services from the Group	121.85	32.08	19.47
	<u>121.85</u>	<u>32.08</u>	<u>19.47</u>

Trademark Licensing and Property Leasing from SDG Group Co.

Set out below are the historical transaction amounts for the Trademark Licensing and Property Leasing from SDG Group Co. and its associates for the two financial years ended 31 December 2018 and 2019 and the ten months ended 31 October 2020.

	For the financial year ended 31 December		For the ten months ended
	2018	2019	31 October 2020
	(RMB million)		
Historical transaction amounts of Trademark Licensing and Property Leasing from SDG Group Co.	20.88	24.30	7.50
	<u>20.88</u>	<u>24.30</u>	<u>7.50</u>

LETTER FROM THE BOARD

Property Leasing Services to SDG Group Co.

Set out below are the historical transaction amounts for the Property Leasing Services to SDG Group Co. and its associates for the two financial years ended 31 December 2018 and 2019 and the ten months ended 31 October 2020.

	For the financial year ended 31 December		For the ten months ended 31 October
	2018	2019	2020
	<i>(RMB million)</i>		
Historical transaction amounts of Property Leasing Services to SDG Group Co.	<u>6.08</u>	<u>7.72</u>	<u>5.61</u>

Equity Entrustment Services to SDG Group Co.

Set out below are the historical transaction amounts for the Equity Entrustment Services for the two financial years ended 31 December 2018 and 2019 and the ten months ended 31 October 2020.

	For the financial year ended 31 December		For the ten months ended 31 October
	2018	2019	2020
	<i>(RMB million)</i>		
Historical transaction amounts of equity entrustment services to SDG Group Co.	<u>4.72</u>	<u>4.15</u>	<u>1.95</u>

LETTER FROM THE BOARD

Proposed Annual Caps and Basis of Annual Caps

The proposed annual caps for the transactions contemplated under the Comprehensive Service Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023 are as follows:

	For the financial year ending 31 December		
	2021	2022	2023
	<i>(RMB million)</i>		
Annual caps of procurements of supplies, products and services by the Group	2,585.80	2,552.20	2,632.50
Annual caps of sale of supplies, products and services by the Group	34.13	11.25	11.41
Annual caps of Trademark Licensing and Property Leasing from SDG Group Co.	32.44	32.29	32.21
Annual caps of provision of Property Leasing Services to SDG Group Co.	8.68	8.68	8.68
Annual caps of provision of Equity Entrustment Services to SDG Group Co.	4.40	4.40	4.40

Basis for the Annual Caps

In determining the proposed annual caps for the transactions contemplated under the Comprehensive Service Framework Agreement, the Company has considered, among other things, the following key factors:

Sales and Procurement

1. In determining the proposed caps for the transactions contemplated under this category of the said agreement, the Company has taken into account of the historical figures for the two financial years ended 31 December 2019 and the ten months ended 31 October 2020 and that the current annual caps are largely in line with historical annual caps for the year 2020, of the procurement and sales of supplies, products and services between members of the Group and SDG Group Co. and/or its associates. In particular, (a) the total historical amount of procurement of supplies, products and services for the ten months ended 31 October 2020 of approximately RMB2,176.95 million which include procurement of electricity from SDG Electricity Company in the sum of RMB367.30 million, procurement of construction services for our PRC gold mines in the sum of RMB102.21 million, procurement of processing services from smelteries of SDG Group in the sum of RMB21.39 million, procurement of gold in the sum of RMB1,606.83 million and others (including training fees, property management fees, etc.) in the sum of RMB79.22 million and (b) the total historical

LETTER FROM THE BOARD

amount of sales from the Group to SDG Group Co. and its associates for the ten months ended 31 October 2020 in the sum of RMB19.47 million include sales of gold in the sum of RMB17.89 million, sales of other metals in the sum of RMB1.58 million;

2. the estimated demand for the relevant supplies, products and services will remain consistent after taking into consideration of various factors including changes in the macro-economic environment and market condition.

For the sales of supplies, products and services by the Group, the demand of sales of supplies, products and services of the Company greatly reduced after the acquisition of SDG Capital Management in late 2019. There is also a further drop in the estimated annual caps for the years ending 2022 and 2023 as the Company anticipates that the sales of mineral concentrates to one associate of SDG Group Co. will be terminated from 2022 onwards.

Trademark Licensing

In determining the proposed caps for the transactions contemplated under this category of the said agreement, the Company has taken into account the historical fees paid by the Company, which is charged at a fixed amount per annum.

Property Leasing Services to/from SDG Group Co.

In determining the proposed caps for the transactions contemplated under this category of the said agreement, the Company has taken into account the rent of the existing leases that are expected to take effect or continue and the historical fees for renting of equipments to/from SDG Group Co. Further, the Company anticipates there will be new properties leased from SDG Group Co. to the Company for the three financial years ending 31 December 2023.

Equity Entrustment Services

In determining the proposed caps for the transactions contemplated under the said agreement, the Company has taken into account the historical transactions under the equity entrustment arrangements.

Pricing Policies

Sales and Procurement

If government-prescribed/government guided price is applicable to any particular supplies, products or services, such as electricity, gold and certain metals, such supplies, products or services shall be supplied at the applicable government-prescribed/government guided price. Where such price standard is not available, the price shall be determined based on public bidding price. If there is no government-prescribed/government guided price or public bidding price, the price shall be determined taking into account then prevailing market prices of the same or similar products or services. If there is no above-mentioned references available, the price shall be negotiated through arm's length negotiations by the parties on normal commercial terms.

LETTER FROM THE BOARD

Trademark Licensing

The annual licensing fee is charged at a fixed amount of approximately RMB750,000 for the three financial years ending 31 December 2023 which is determined with reference to its historical fees.

Property Leasing Services to/from SDG Group Co.

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

Equity Entrustment Services

The fee for such entrustment services will be determined based on the estimated human input considering the number and scale of the entrusted targets.

Internal Control

In order to ensure that the terms under the Comprehensive Service Framework Agreement are not less favourable than those available from 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. The Company will require the relevant personnel of the business department of the Company's subsidiaries that are conducting transactions with SDG Group Co. and/or its associates to conduct regular checks 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 and will also regularly update the aforesaid pricing policy for the purpose of considering if the prices charged for specific transactions are fair and reasonable and in accordance with the aforesaid pricing policy; and
2. the Company's external auditors will conduct an annual review on the annual caps of the continuing connected transactions.

Information of the Relevant Parties

The Company

The Company is an integrated gold company listed on the SSE and the Hong Kong Stock Exchange since 2003 and 2018, respectively and engaged in gold exploration, mining, processing, smelting and sales. It is one of the largest gold producers listed domestically and/ or in Hong Kong that operates in the PRC, controlling and operating more than 10 gold mines with operation primarily located in Shandong province. The Company has gradually expanded its business into the Inner Mongolia autonomous region, Gansu province and Fujian province and abroad, namely acquiring a 50% interest in the Veladero mine in San Juan province of Argentina in June 2017.

LETTER FROM THE BOARD

SDG Group

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. As of the Latest Practicable Date, SDG Group Co. directly and indirectly holds approximately 47.06% of the Company's total issued share capital. As the Company's controlling Shareholder, SDG Group Co., was established in July 1996. SDG 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 gold resources of SDG Group 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 Comprehensive Service Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As the percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) with respect to the Sales and Procurement under the Comprehensive Service Framework Agreement is more than 0.1% but less than 5%, the annual caps for the procurement and sales of supplies, products and services 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. The Company will disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

As all the applicable percentage ratios with respect to each of the Trademark Licensing and Property Leasing from SDG Group Co., Property Leasing Services to SDG Group Co. and Equity Entrustment Services under the Comprehensive Service Framework Agreement on an annual basis are less than 0.1%, the payment of each of the Trademark Licensing and Property Leasing from SDG Group Co., Property Leasing Services to SDG Group Co. and Equity Entrustment Services under the Comprehensive Service Framework Agreement constitutes de minimis transaction pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules and is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the Company's 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 our 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.

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According to the SSE Listing Rules and the Articles of Association, the Comprehensive Service Framework Agreement and the transactions contemplated therein have to be submitted to the general meeting for consideration and approval.

Confirmation by the Directors

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

The Directors, including the independent non-executive Directors, also believe that the annual caps set out for the transactions contemplated under the Comprehensive Service Framework Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Directors, Mr. Li Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling, also hold senior management positions in SDG Group, are deemed to have material interests in the continuing connected transactions contemplated under the Comprehensive Service Framework Agreement and have abstained from voting on the relevant resolution 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.

The aforesaid resolution was considered and approved by the Board on 3 December 2020 and will be proposed by way of ordinary resolution at the EGM to seek for the Shareholders' approval of the resolution on the Entering into of the Comprehensive Service Framework Agreement and Confirmation of the Caps of Continuing Connected Transactions during the years of 2021 to 2023.

3. RESOLUTION ON THE ELECTION OF THE NON-INDEPENDENT DIRECTORS OF THE SIXTH SESSION OF THE BOARD

As the term of the fifth session of the Board is going to expire, the Company will carry out the election of the sixth session of the Board in accordance with relevant requirements of the Articles of Association and the Company Law.

The Company is informed that, among the members of the fifth session of the Board, Mr. Wang Peiyue and Mr. Li Tao, as executive Directors, Mr. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing, as independent non-executive Directors, will retire and will not stand for re-election as Directors of the sixth session of the Board. The other members of the fifth session of the Board, including Directors, namely Mr. Li Guohong, Mr. Wang Lijun, Ms. Wang Xiaoling and Mr. Tang Qi ("**Re-elect Directors**"), have confirmed that they will offer themselves for re-election at the EGM.

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Mr. Wang Peiyue, Mr. Li Tao, Mr. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing have all confirmed that he/she has no disagreement with the Board and there is no matter that needs to be brought to the attention of the Shareholders and the Hong Kong Stock Exchange. In addition to Re-elect Directors, the Board has nominated Mr. Liu Qin (“**Mr. Liu Qin**”) and Mr. Wang Shuhai (“**Mr. Wang Shuhai**”) as Directors to constitute the sixth session of the Board. The term of each of the Re-elect Directors, Mr. Liu Qin and Mr. Wang Shuhai shall be three years, commencing upon the approval at the EGM and terminating upon the expiry of the sixth session of the Board.

Biographies of each of the Re-elect Directors, Mr. Liu Qin and Mr. Wang Shuhai are set out in Appendix I to this circular.

As at the Latest Practicable Date, save as disclosed herein, each of the Re-elect Directors, Mr. Liu Qin and Mr. Wang Shuhai has confirmed that (i) he/she has no relationship with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the Hong Kong Listing Rules) of the Company; (ii) he/she does not hold any other position with the Company or its subsidiaries; (iii) he/she did not hold any directorships in any other listed companies the securities of which are listed on any securities markets in Hong Kong or overseas in the last three years; and (iv) he/she is not interested in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Each of the Re-elect Directors, Mr. Liu Qin and Mr. Wang Shuhai has confirmed that, as at the Latest Practicable Date, save as disclosed herein, there are no other matters relating to his/her appointment that need to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

The Company does not pay Re-elect Directors’, Mr. Liu Qin and Mr. Wang Shuhai directors’ remuneration, except for the corresponding remuneration to be paid in accordance with their position in the Company. The details of their remuneration will be disclosed in the annual report of the Company. The Company will enter into a service agreement with each of the Re-elect Directors, Mr. Liu Qin and Mr. Wang Shuhai in due course.

In order to ensure the normal operation of the Board, before the Directors of the sixth session of the Board take office, the Directors of the fifth session of the Board will continue to perform the duties and responsibilities of the Directors in accordance with requirements of the Company Law and the Articles of Association.

The aforesaid resolution was considered and approved by the Board on 3 December 2020 and will be submitted, by way of ordinary resolution (by way of cumulative voting), for the Shareholders’ consideration and approval at the EGM.

4. RESOLUTION ON THE ELECTION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE SIXTH SESSION OF THE BOARD

In addition to Re-elect Directors as set out in the above resolution, the Board has nominated Mr. Wang Yunmin (“**Mr. Wang Yunmin**”), Mr. Liew Fui Kiang (“**Mr. Liew Fui Kiang**”) and Ms. Zhao Feng (“**Ms. Zhao**”) as independent non-executive Directors to constitute the sixth session of the Board. The term of each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao shall be three years, commencing upon the approval at the EGM and terminating upon the expiry of the sixth session of the Board.

Biographies of each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao are set out in Appendix I to this circular. As at the Latest Practicable Date, save as disclosed herein, each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao has confirmed that (i) he/she has no relationship with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the

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Hong Kong Listing Rules) of the Company; (ii) he/she does not hold any other position with the Company or its subsidiaries; (iii) he/she did not hold any directorships in any other listed companies the securities of which are listed on any securities markets in Hong Kong or overseas in the last three years; and (iv) he/she is not interested in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao has confirmed that, as at the Latest Practicable Date, save as disclosed herein, there are no other matters relating to his/her appointment that need to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

Independent non-executive Directors are entitled to an allowance of RMB300,000 per annum (before tax). The Company will enter into a service agreement with each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao in due course.

The aforesaid resolution was considered and approved by the Board on 3 December 2020 and will be submitted, by way of ordinary resolution (by way of cumulative voting), for the Shareholders' consideration and approval at the EGM.

Nomination policy and process for the independent non-executive Directors

In reviewing the structure of the Board, the Nomination Committee will consider the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition. The Nomination Committee is of the view that Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao have good working experience in financial management and/or knowledge in mining and/or legal sectors, are able to devote sufficient time and attention to perform the duties as independent non-executive Directors, and have strong theoretical foundation and profound knowledge of relevant laws and regulations. The election of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao as independent non-executive Directors may further replenish the professional knowledge of the Board in financial management, mining and legal matters, promote the diversity of the Board in gender, and enhance the financial management standard of the Company. As such, the Nomination Committee nominated Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao to the Board for it to recommend to the Shareholders for election at the EGM.

The Board considers that each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao possesses the basic knowledge of operations of listed companies, is familiar with the relevant laws, administrative regulations, departmental rules and other regulatory documents and has the relevant working experiences in law, economics, finance, management or other experiences necessary for serving as an independent non-executive Director. Moreover, each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao has confirmed his/her independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Board also considers that each of Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao meets the independence criteria set out in Rule 3.13 of the Hong Kong Listing Rules and are independent in accordance with the terms of the criteria.

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5. RESOLUTION ON THE ELECTION OF THE SHAREHOLDERS' SUPERVISORS OF THE SIXTH SESSION OF THE SUPERVISORY COMMITTEE

As the term of the fifth session of the supervisory committee of the Company (the “**Supervisory Committee**”) is going to expire, the Company will carry out the election of the sixth session of the Supervisory Committee in accordance with relevant requirements of the Articles of Association and the Company Law.

The Company is informed that, among the members of the fifth session of the Supervisory Committee, the Supervisors, namely Mr. Li Xiaoping and Mr. Luan Bo (“**Re-elect Supervisors**”), have confirmed that they will offer themselves for re-election at the EGM. Prior to the convening of the EGM, the employee Supervisor shall be elected at the employee representative meeting of the Company. They will form the sixth session of the Supervisory Committee together with the two Supervisors re-elected at the EGM, with a term of office of three years till the expiry of the sixth session of the Supervisory Committee.

Biographies of each of the Re-elect Supervisors are set out in Appendix I to this circular. As at the Latest Practicable Date, save as disclosed herein, each of the Re-elect Supervisors has confirmed that (i) he did not hold any other position in the Group nor any other directorship in any other listed companies in the past three years; (ii) he does not have any relationship with any other Directors, Supervisors, senior management, substantial or controlling Shareholders of the Company; and (iii) he does not have any interests in the shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed herein, the Company considers that there is no other information relating to the Re-elect Supervisors which shall be disclosed, and they have no involvement in any matter which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules. There is no other matter that needs to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange.

The appointment of Re-elect Supervisors will be subject to approval by the Shareholders at the EGM. Re-elect Supervisors will not receive any Supervisor's fee from the Company, but will receive the corresponding remuneration in accordance with their positions in the Company. The details of their remuneration will be disclosed in the annual report of the Company. The Company will enter into a service agreement with each of the Re-elect Supervisors in due course.

In order to ensure the normal operation of the Supervisory Committee, before the Supervisors of the sixth session of the Supervisory Committee take office, the Supervisors of the fifth session of the Supervisory Committee will continue to perform the duties and responsibilities of Supervisors in accordance with requirements of the Company Law and the Articles of Association.

The aforesaid resolution was considered and approved by the Supervisory Committee on 3 December 2020 and will be submitted, by way of ordinary resolution (by way of cumulative voting), for the Shareholders' consideration and approval at the EGM.

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EGM

The EGM is to be held at the conference room of the Company, Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 30 December 2020. The notice of the EGM is set out in Appendix II to this circular.

Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder. If you intend to appoint a proxy to attend the EGM and vote on your behalf, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it, by hand, by post or by facsimile, to the Company's H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shareholders only) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be) (i.e. before 9:00 a.m. on Tuesday, 29 December 2020). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 24 December 2020 to Wednesday, 30 December 2020, both dates inclusive, during which period no transfers of Shares will be effected.

In order to qualify to attend and vote at the EGM, all transfer instruments accompanied by the relevant share certificates must be lodged by H Shareholders with the Company's H share registrar, namely, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 23 December 2020.

VOTING

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules and Article 119 of the Articles of Association, unless the chairman makes a decision in the spirit of honesty and credibility and agrees that the resolutions on relevant procedures or administrative matters shall be voted on by show of hands, voting for a general meeting shall be held by ballot.

Pursuant to Article 111 of the Articles of Association, Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. Pursuant to Article 120 of the Articles of Association, on a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

Pursuant to the Articles of Association, the cumulative voting system shall be adopted at the general meeting for the election of two or more Directors (including independent non-executive Directors) and Supervisors. When conducting cumulative voting, the number of votes to which a Shareholder is entitled shall be equal to the total number of Shares he/she holds times the number of Director or Supervisor candidates. A Shareholder may cast all his/her votes to one Director or Supervisor candidate or to various Director or Supervisor candidates. When conducting cumulative voting, the election of Independent Directors shall be conducted separately from the election of other Directors to ensure the proportion of Independent Directors in the Board. Accordingly, the cumulative voting system

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will be adopted at the EGM with respect to Resolutions No. 3.01 to 3.06, No. 4.01 to 4.03 and No. 5.01 to 5.02 on the election of Directors, independent non-executive Directors and Supervisors respectively of the sixth session of the Board as contained in the notice of the EGM. Please refer to the Articles of Association and the instructions set out in the proxy form.

As at the Latest Practicable Date, SDG Group Co., Shandong Gold Non-ferrous Metal Mine Group Co., Ltd., Shandong Gold Geological Mine Exploration Co., Ltd., Shandong Gold Group Qingdao Gold Co., Ltd., and SDG (Beijing) Industry Investment Co., Ltd. holding a total of 2,042,292,447 Shares shall abstain from voting on resolution numbered 2 at the EGM. Save as to the aforesaid, no other Shareholders are required to abstain from voting at the EGM.

RECOMMENDATION

The Directors are of the view that the proposed resolutions at the EGM are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in satisfaction of the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

Jinan, the PRC, 10 December 2020

(1) DIRECTORS

Mr. Li Guohong (李國紅), male, Han nationality, born in October 1970, holder of a doctor's degree in administration. He is a senior accountant, a PRC registered accountant, the chairman of The Listed Company Association of Shandong Province (山東上市公司協會), a member of the CPPCC Standing Committee of Shandong Province and a vice president of Gold Association of Shandong Province (山東省黃金協會). Mr. Li served as the director in the financial and auditing department of Anhui Huangshan Cigarette General Factory (安徽黃山捲煙總廠), the principal staff member in the auditing department of China Tobacco Anhui Industrial (安徽中煙工業公司), the chief financial officer of China Tobacco Anhui Industrial Hefei Cigarette Factory (安徽中煙工業公司合肥捲煙廠), the chairman of the board of supervisors and a director of Shandong International Trust Co., Ltd. (山東國際信託投資有限公司), the chairman of Shanghai Shengju Asset Operation and Management Co., Ltd. (上海盛鉅資產經營管理有限公司), the general manager of SD Gold Capital Management Co., Ltd. (山金金控資本管理有限公司), the chairman of Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), the chairman of SDG (Shanghai) Precious Metals Investment Co., Ltd. (山金金控(上海)貴金屬投資有限公司), and the deputy general manager of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司). He also served as a vice general manager of China Securities Interagency Quotation Systems Co., Ltd. (中證機構間報價系統股份有限公司). He currently serves as the general manager of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) and the chairman of the Company. He was recognized as 2016 Shanghai Leading Gold Talent (上海領軍金才), awarded China Chief Financial Officers of the Year 2010 (2010 中國總會計師年度人物), and granted the title of "2016 Golden Bull Fortune Leader of Chinese Listed Companies" (2016 年度中國上市公司金牛創富領袖).

Mr. Wang Lijun (王立君), male, Han nationality, a CPC member, born in September 1968, a holder of a doctor's degree and an engineering technology application researcher. Mr. Wang served as an assistant mining engineer, a deputy director and a director of the mining workshop, an assistant to mine manager, a deputy mine manager, a mine manager and a secretary to CPC Committee of Xincheng Gold Mine of the Company, a general manager, a deputy secretary to CPC Committee, the chairman and a secretary to 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), a vice-chairman, the general manager, the chairman and a secretary to CPC Committee of the Company. He currently serves as a director and a standing committee member of the Party Committee of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), and a director and a member of CPC Committee of the Company.

Ms. Wang Xiaoling (汪曉玲), female, Han nationality, a CPC member, born in January 1964 and a holder of a master's degree of science in accounting and finance. She is a senior accountant. She possesses the professional qualifications of international registered senior accountant and senior gold investment analyst. Ms. Wang served as the accountant of Zhaoyuan Agricultural Bank of Shandong Province (山東省招遠市農業銀行), a deputy director of the finance division of Jiaojia Gold Mine (焦家金礦), a deputy manager, a manager, the chief financial officer, a member of CPC Committee of the finance department of the Company, the general manager, a deputy chief accountant of the finance department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司). She currently serves as the deputy general manager of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), a director of the Company, and the chairwoman of Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司).

Mr. Liu Qin (劉欽), male, Han nationality, a CPC member, born in January 1969 and a holder of doctoral degree. He 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), mine manager of Sanshandao Gold Mine of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), 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), vice chairman and general manager of Shanjin Mining Co., Ltd. (山金礦業有限公司), general manager and the secretary to CPC Committee of Xilingol League Shanjin Aershada Mining Co., Ltd. (錫林郭勒盟山金阿爾哈達礦業有限公司), 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), 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), vice chairman and general manager of Shandong Gold International Mining Co., Ltd. (山東黃金國際礦業有限公司), 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), manager of Mineral Resources Department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), 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), 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), president and secretary to CPC Committee of Resources Exploration Business Department of the Company. He currently serves as the deputy general manager, the president and the secretary to CPC Committee of Overseas Mining Business Department of the Company.

Mr. Wang Shuhai (王樹海), male, Manchu, a CPC member, born in November 1962 and a holder of master's degree. He is a researcher for engineering technology application. He successively served as vice mine manager of Sanshandao Gold Mine of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), 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), 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. He currently serves as the deputy general manager, the president and the secretary to CPC Committee of Yantai Mining Business Department of the Company.

Mr. Tang Qi (湯琦), male, Han nationality, a CPC member, born in April 1977. He is a holder of master's degree in economics and senior professional title. He is a registered gold investment analyst and is qualified as a fund practitioner and a secretary to board of listed companies. Mr. Tang successively served as a secretary of the Board office, the securities affairs representative of the Board, a deputy director and a director of the Board office of the Company. He has also successively served as member of Shandong Gold Group Co., Ltd.'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), the department head, an assistant to general manager as well as a vice general manager of research and development department of SDG Venture Capital Co., Ltd. He is currently a Director, secretary to the Board and the director of the Board office, a director of Comprehensive Reform Committee Office, and a general manager of Capital Operation Department of the Company.

(2) INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Yunmin (王運敏), male, Han nationality, born in October 1955. He is a holder of a bachelor degree in mining engineering, a professorate senior engineer. He 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 Maanshan Institute of Mining Research Co., Ltd (中國中鋼集團馬鞍山礦山研究院有限公司). He currently serves as the director and the chief scientist of the Science and Technology Innovation Committee of the Sinosteel Group Corporation Limited (中國中鋼集團有限公司) and 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). He has successively won a series of awards such as the research on douban (豆瓣) mining technology in large open-pit mines, the research on steep slope railway transportation system of large deep concave open-pit mines issued by the State Council, the key technology of smooth transition from open pit to underground mining and open pit geotechnical engineering control technology for disaster issued by the Anhui Provincial People's Government. He also published three academic monographs via the Metallurgical Industry Press.

Mr. Liew Fui Kiang (劉懷鏡), male, Han nationality, born in August 1966. He is a holder of a master degree in Business Administration and a bachelor degree in Laws. He has extensive experience as a director of listed companies as well as legal expertise and work experience. He is a solicitor in Hong Kong, China as well as England and Wales, and a fellow of the Hong Kong Institute of Directors. He served as the Chairman of PacRay International Holdings Limited (Stock Code: 1010), and an independent director of Baoshan Iron & Steel Company Limited (SSE Stock Code: 600019). He currently serves as an independent director of Zhongchang International Holdings Group Limited (Stock Code: 859), Zhengye International Holdings Company Limited (Stock Code: 3363) and China Apex Group Limited (Stock Code: 2011).

Ms. Zhao Feng (趙峰), female, Han nationality, born in February 1969. She is a holder of a master degree in Economics and has extensive experience in company management and financial management. She is a PRC registered accountant, a fellow of the Association of Chartered Certified Accountants (ACCA). Ms. Zhao 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), and the chief financial officer and the general manager of Infront Sports & Media (PRC). She is currently an independent director of Shenzhen Weiye Decoration Group Co., Ltd (SZSE Stock Code: 300621).

(3) SUPERVISORS

Mr. Li Xiaoping (李小平), male, Han nationality, born in May 1964, holds a post-graduate degree. He 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 to CPC Committee of Linzi District, Zibo City, the deputy secretary to CPC Committee, head of district, secretary to CPC Committee, officer of SCNPC, and principal of Party School of Dongchangfu District, Liaocheng City. He is currently a member of the Standing Committee of the Party Committee of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) and chairman of the Supervisory Committee.

Mr. Luan Bo (樂波), male, Han nationality, born in April 1973 and possesses a bachelor's degree and a master's degree in engineering. He is a senior accountant, asset appraiser and tenderer. He served as the head of finance department of Xincheng Gold Mine of the Company, audit head of audit department of Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) (“**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) and special auditor of auditing and risk control department of SDG Group Co. and the Company. He is currently the vice manager of the auditing and risk control department 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) and the supervisor of Shandong Gold Industrial Development Group Co., Ltd. (山東黃金產業發展集團有限公司) and Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), all of which are affiliated to SDG Group Co.



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)****NOTICE OF 2020 SIXTH EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 2020 Sixth Extraordinary General Meeting (the “EGM”) of Shandong Gold Mining Co., Ltd. (the “**Company**”) will be held at the conference room of the Company, Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan, Shandong Province, the PRC at 9:00 a.m. on Wednesday, 30 December 2020 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. Resolution on the remunerations of the directors, special advisor to the Board, supervisors, senior management of the Company
2. Resolution on the entering into of the comprehensive service framework agreement and confirmation of the caps of continuing connected transactions during the years of 2021 to 2023

ORDINARY RESOLUTIONS (BY WAY OF CUMULATIVE VOTING)

3. Resolution on the election of the non-independent directors of the sixth session of the Board
 - 3.01 Li Guohong
 - 3.02 Wang Lijun
 - 3.03 Wang Xiaoling
 - 3.04 Liu Qin
 - 3.05 Wang Shuhai
 - 3.06 Tang Qi

4. Resolution on the election of the independent non-executive directors of the sixth session of the Board
 - 4.01 Wang Yunmin
 - 4.02 Liew Fui Kiang
 - 4.03 Zhao Feng
5. Resolution on the election of the shareholders' supervisors of the sixth session of the Supervisory Committee
 - 5.01 Li Xiaoping
 - 5.02 Luan Bo

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

Jinan, the PRC
10 December 2020

As at the date of this notice, the executive directors of the Company are Mr. Wang Peiyue, Mr. Li Tao 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. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing.

Notes:

1. All holders of H Shares whose names appear on the register of members of the Company on Thursday, 24 December 2020 are entitled to attend the EGM and should bring along their identity cards or passports when attending the EGM. Holders of the Company's H Shares should note that the register of members of the Company will be closed from Thursday, 24 December 2020 to Wednesday, 30 December 2020 (both dates inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 23 December 2020. The record date and arrangements in respect of the holders of A Shares of the Company who are entitled to attend the EGM will be determined and announced separately in the PRC.
2. Any shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or more proxies (who need not be a shareholder of the Company) to attend the EGM and vote thereat in his stead. For any shareholder who appoints more than one proxy, the voting right can only be exercised by his/her proxies on a poll.

3. Any shareholder who intends to appoint a proxy to attend the EGM shall put it in writing, with the proxy form to be signed by the appointor or his attorney duly authorized in writing. If the appointor is a corporation, the proxy form must be affixed with its common seal, or signed by any of its directors or attorney duly authorized in writing. If the proxy form is signed by an attorney authorized by the appointer, the power of attorney or other authorization documents must be notarially certified. The notarially certified power of attorney or other authorization documents together with the proxy form must be delivered to the Company's H share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H shareholders only) not later than 24 hours before the time appointed for the holding of the EGM (i.e. before 9:00 a.m. on Tuesday, 29 December 2020). Completion and return of the proxy form will not affect the rights of the shareholders to attend and vote at the EGM in person.
4. Proxies of holders of the Company's H Shares shall bring along the proxy form, instrument(s) for appointing a proxy (if applicable) and the proxies' identity cards or passports to attend the EGM.
5. According to Article 108 of the Articles of Association, an ordinary resolution shall be passed by more than half of the votes cast by the shareholders (including proxies) present at the general meeting, while a special resolution shall be passed by more than two-thirds of the votes cast by the shareholders (including proxies) present at the general meeting.
6. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant personnel employed by the Company will attend the EGM.