Stock Code: 600988 Stock Name: Chifeng Gold Announcement No.: 2022-043

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on Cash Management with Part of Idle Self-owned Funds

The Board of Directors and all directors of the Company warrant that this announcement does not contain any false records, misleading statements or major omissions, and they will bear joint and several liabilities for the authenticity, accuracy and completeness of its contents.

# Important Tips:

* Cash management amount: no more than RMB 500 million.
* Cash management products: wealth management products of banks and non-bank financial institutions with high safety, good liquidity and low risk.
* Cash management period: no more than 12 months from the date of deliberation and approval by the Board of Directors.
* Review and approval procedure: it was reviewed and approved at the 5th Meeting of the 8th Board of Directors and the 3rd Meeting of the Seventh Board of Supervisors of the Company.

# I. Overview of cash management

1. Purpose of cash management

To improve the efficiency of capital use and increase the Company’s income, the Company plans to use part of idle self-owned funds for cash management without affecting its normal production and operation.

1. Sources of funds

The source of funds for cash management is the Company’s own funds.

1. Cash management products

They are financial products of banks and non-bank financial institutions with high safety, good liquidity and low risk.

1. Cash management period

It shall not exceed 12 months from the date of deliberation and approval by the Board of Directors.

1. Cash management quota

The maximum balance of the Company’s cash management per day shall not exceed RMB 500 million, which can be used cyclically within the authorization period.

6. Internal control over risks related to cash management

The Company uses its own funds for cash management, and purchases wealth management products of banks and non-bank financial institutions with high safety, good liquidity and low risk. Therefore, the investment risk is controllable, and the cash management meets the requirements of the Company’s internal fund management.

# II. Risk control measures

The Company will strictly abide by the principle of prudent investment and intervene in a timely and appropriate manner according to the economic situation and changes in the financial market. The Financial Department analyzes and tracks the changes in the net value of products in real time. If the financial personnel finds in the assessment that there are risk factors that may affect the safety of funds, the Company will take measures in time to control investment risks.

Independent directors and the Board of Supervisors have the right to supervise and inspect the use of funds, and if necessary, may hire professional institutions to conduct audits.

III. Impact on the daily operation of the Company

(1) Main financial data of the Company in the latest year

Unit: RMB 10,000

|  |  |
| --- | --- |
| Item | December 31, 2021/January-December 2021 |
| Total assets | 805,360.59 |
| Total liabilities | 305,257.54 |
| Net assets attributable to shareholders of the listed company | 462,041.64 |
| Net cash flow from operating activities | 75,514.88 |

(2) Impact on the Company

As of December 31, 2021, the asset-liability ratio of the Company was 37.90%, and there was no case of purchasing high-value wealth management products while having huge liabilities. The maximum balance of the Company’s cash management with idle self-owned funds in a single day does not exceed RMB 500 million, accounting for 27.40% of the Company’s monetary funds at the end of the latest period. Cash management with idle self-owned funds is implemented on the premise of ensuring the daily operation and capital safety of the Company, which is conducive to improving the use efficiency of self-owned funds, increasing capital returns and obtaining more investment returns for the Company and its shareholders. Cash management with idle self-owned funds will not impose a significant impact on the Company’s main business and operating results in the future.

(3) Accounting treatment of cash management

The Company’s cash management products will be treated in strict accordance with the requirements of the New Financial Instruments Standards, which may affect the subjects of “transactional financial assets” and “monetary funds” in the balance sheet, and the subjects of “financial expenses”, “gains and losses on changes in fair value” and “ROI” in the income statement.

# IV. Risk warning

The cash management products to be selected by the Company are wealth management products of banks and non-bank financial institutions with high safety, good liquidity and low risk, but it is obvious that the investment is affected by policy risks, market risks, liquidity risks, force majeure and accident risks. Investors are kindly requested to make careful decisions and pay attention to investment risks.

# V. Review and approval procedure and special opinions

The *Proposal on Cash Management with Part of Idle Self-owned Funds* was considered and adopted at the 5th Meeting of the 8th Board of Directors of the Company, and independent directors expressed their independent opinions as follows:

On the premise of not affecting the normal turnover of daily funds and controllable risks, using some idle self-owned funds for cash management and investing in wealth management products with high safety, good liquidity and low risk is conducive to improving the use efficiency of the Company’s funds and increasing the Company’s capital income, without damaging the interests of the Company and its shareholders, especially minority shareholders. Therefore, they agree that the Company will use idle self-owned funds with a total amount not exceeding RMB 500 million for cash management.

The *Proposal on Cash Management with Part of Idle Self-owned Funds* was considered and adopted at the 3rd Meeting of the 7th Board of Supervisors of the Company. The Board of Supervisors expressed its opinions as follows:

On the premise of not affecting the normal turnover of the Company’s daily funds and controllable risks, the Company plans to use idle self-owned funds with a total amount not exceeding RMB 500 million for cash management, and invest in products with high safety, good liquidity and low risk. This is conducive to improving the use efficiency of the Company’s funds and increasing the Company’s capital income, without damaging the interests of the Company and its shareholders, especially minority shareholders.

# VI. Cash management of the Company with self-owned funds in the last 12 months as of the announcement date

Amount: RMB 10,000

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S/N | Types of wealth management products | Actual investment amount | Principal amount actually recovered | Actual income | Principal amount not recovered yet |
| 1 | Revolving deposit | 10,00.00 | 10,00.00 | 130.97 | 0 |
| 2 | Call deposit | 24,000.00 | 24,000.00 | 59.84 | 0 |
| 3 | Structured deposit | 126, 00.00 | 126, 00.00 | 1,944.96 | 0 |
| Total | | 160, 00.00 | 160, 00.00 | 2,135.77 | 0 |
| Maximum single-day investment amount in the last 12 months | | | | 72,164.00 | |
| Maximum single-day investment amount in the last 12 months/net assets in the last year (%) | | | | 15.62% | |
| Accumulated income of entrusted financial management in the last 12 months/net profit in the last year (%) | | | | 3.67% | |
| Amount of financial management quota used up to now | | | | 0 | |
| Unused financial management quota | | | | 50,000.00 | |
| Total financial management quota | | | | 50,000.00 | |

It is hereby announced.

Board of Directors of Chifeng Jilong Gold Mining Co., Ltd.

April 30, 2022