

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on Outward Investment and Signing the *Capital Contribution Agreement*

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:

- On September 21, 2022, Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as “the Company” or “Chifeng Gold”) signed the Capital Contribution Agreement with Xiamen Tungsten Co., Ltd. (hereinafter referred to as “XTC”). According to this agreement, the two parties intend to jointly fund the establishment of Chifeng Gold and Xiamen Tungsten Overseas Resources Development Co., Ltd. (hereinafter referred to as “the Joint Venture”). The registered capital is RMB 60 million, of which 51% is contributed by Chifeng Gold and 49% by XTC.
- This outward investment will not have a direct and significant impact on the Company’s annual performance in 2022.

I. Overview of outward investment

On August 12, 2022, the Company and XTC signed the *Framework Agreement on Strategic Cooperation in Resource Development*, and reached a cooperation intention on jointly developing rare earth resources. For details, please refer to the *Announcement of Chifeng Gold on Signing the Framework Agreement on Strategic Cooperation in Resource Development* (Announcement No. 2022-066) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on August 13, 2022.

On September 21, 2022, the Company and XTC signed the *Capital Contribution Agreement*, and unanimously agreed to jointly contribute to the establishment of Joint Venture.

The registered capital of the Joint Venture is RMB 60 million, of which the Company contributed RMB 30.6 million in cash, accounting for 51%, and XTC contributed RMB 29.4 million in cash, accounting for 49%.

According to the *Listing Rules of Shanghai Stock Exchange*, the *Articles of Association of Chifeng Jilong Gold Mining Co., Ltd.* and other relevant laws and regulations and the relevant internal control system of the Company, the Company's investment in the establishment of the Joint Venture has underwent the corresponding decision-making procedures and does not need to be submitted to the Board of Directors or shareholders' meeting for deliberation.

This investment in the establishment of the Joint Venture does not constitute a related-party transaction, nor does it constitute a major asset restructuring as stipulated in the *Measures for the Administration of Major Asset Restructuring of Listed Companies*.

II. Basic information of the other party to the agreement

Name: Xiamen Tungsten Co., Ltd.

Unified social credit code: 91350200155013367M

Date of establishment: December 30, 1997

Registered place: Kejingshe, Haicang District, Xiamen City, Fujian Province

Main office location: Floor 21-22, Block A, Portman Fortune Center, No.81 Zhanhong Road, Siming District, Xiamen City, Fujian Province

Legal representative: Huang Changgeng

Registered capital: RMB 1,418,459,200

Scope of business: tungsten and rare earth investment; tungsten and non-ferrous metal smelting and processing; production and sales of tungsten alloy, deep processing products of tungsten and deep processing products of rare earth metal; production and sales of metal, wood, plastic and cloth packaging products; manufacturing technology, analysis and detection of powder, cemented carbide, precision cutting tools, tungsten-molybdenum wire, new energy materials and rare earth metals, and engineering transformation of scientific and technological

achievements; real estate development and management; export the products produced and processed by it and import of production technology, equipment, raw and auxiliary materials and spare parts required by it (commodities subject to plan, quota, license and automatically registration shall be submitted for approval separately); processing trade.

Controlling shareholder: Fujian Rare Earth (Group) Co., Ltd.

Main financial data: XTC's total assets as of the end of 2021 were RMB 32,420,893,000, the equity attributable to owners of the parent company was RMB 8,960,944,800, the operating income in 2021 was RMB 31,852,195,700, and the net profit attributable to shareholders of the parent company was RMB 1,18,534,100.

Relationship: There is no relationship between the Company and XTC.

III. Main contents of the Capital Contribution Agreement

Party A: Xiamen Tungsten Co., Ltd. (hereinafter referred to as "XTC")

Party B: Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as "Chifeng Gold")

(1) Basic information of the Joint Venture

1. Name: Chifeng Gold and Xiamen Tungsten Overseas Resources Development Co., Ltd.
2. Address: Floor 36, IFC Phase II, No.8 Century Avenue, Pudong New Area, Shanghai, China
3. Scope of business: mining, selection, purchase and sale of non-ferrous metals; investment and management of mining industry and other industries permitted by the state; import and export of goods or technologies.
4. Business term: 50 years, calculated from the date of establishment of the Joint Venture.
5. Organizational form: limited liability company.

The registration information such as the name and scope of business of the Joint Venture shall be subject to the contents approved and registered by the market supervision and administration department.

(2) Registered capital and equity structure of the Joint Venture

1. Both parties confirm that the registered capital of the Joint Venture is RMB 60 million.

2. The equity structure of the Joint Venture is as follows:

Name of Shareholder	Proportion of capital contribution	Amount of capital contribution (10,000)	Mode of capital contribution
Xiamen Tungsten Co., Ltd.	49%	2,940	Currency
Chifeng Jilong Gold Mining Co., Ltd.	51%	3,060	Currency
Total	100%	6,000	/

3. Party A and Party B agree to make full capital contribution within one month from the date of establishment and registration of the Joint Venture.

(3) Rights and obligations of both parties

1. Both parties shall bear the responsibility for the debts of the Joint Venture with the subscribed capital contribution and share the profits according to the ratio of paid-in capital contribution. Both parties have the right to benefit from assets, participate in major decisions and choose managers, and the obligation to contribute on time.

2. XTC and its holding subsidiaries enjoy the preemptive right under the same conditions for rare earth mineral products jointly developed by both parties. XTC will assist in the registration of the Joint Venture, provide support for the development of rare earth resources in Laos by the Joint Venture and its subsidiaries, and assist the Joint Venture to acquire policy support in China.

3. Chifeng Gold will be responsible for the registration of the Joint Venture, assist the Joint Venture and its subsidiaries to strive for preferential support policies in Laos, and assist the Joint Venture or its subsidiaries to obtain licenses required for the development of rare earth resources in Laos.

(4) Corporate governance of the Joint Venture

1. Establishment of authority

The Joint Venture shall have a Board of Shareholders, which is composed of all shareholders. The Board of Shareholders, as the highest authority of the Joint Venture, exercises its functions and powers in accordance with the Company Law and the Articles of Association.

2. Board of Directors

The Joint Venture shall have a Board of Directors, which is the management and decision-making body of the Joint Venture and exercises its functions and powers and perform obligations in accordance with the Company Law and the Articles of Association. The Board of Directors has 7 members, of which 3 are recommended by Party A and 4 are recommended by Party B. The Board of Directors has one chairman and one vice chairman, all of whom shall be recommended by Party B and elected by more than half of all directors. The Chairman is the legal representative of the Joint Venture.

3. Board of Supervisors

The Joint Venture shall have a Board of Supervisors, which is composed of 3 supervisors, including one recommended by Party A, one recommended by Party B and one elected by the Workers' Congress. The chairman of the Board of Supervisors shall be recommended by Party A and elected by more than half of all supervisors.

4. General Manager and Chief Financial Officer

The Joint Venture shall have a General Manager recommended by Party A and a CFO (Finance Manager) recommended by Party B. The General Manager and CFO shall be appointed by the Board of Directors.

5. The corporate governance structure of subsidiaries at all levels established by the Joint Venture in Laos (including the recommender of directors, supervisors and senior executives) is the same as that of the Joint Venture (except as otherwise provided by the laws of Laos).

(5) Shareholder withdrawal mechanism

1. Both parties have the right to request to start the shareholder withdrawal mechanism when the Joint Venture is in operational difficulties, insolvent, has not generated stable income for more than ten years after its establishment, or has other situations necessary for withdrawal.

2. Tag-Along right: If either party intends to sell part or all of its equity to a third party, the

other party is given the option to tag along, unless the other party agrees in writing to sell or exercise the preemptive right. If the third party does not agree to purchase the equity tagged along, the shareholder with the tag-along right has veto power over the above equity transfer and does not need to purchase the transferred equity.

(6) Liability for breach of contract

During the establishment of the Joint Venture, if the interests of the other party are damaged due to the violation of the *Capital Contribution Agreement* by either party, the breaching party shall bear the direct and indirect economic losses caused to the non-breaching party. If either party fails to pay its capital contribution in accordance with the *Capital Contribution Agreement*, it shall not only pay it in full to the Joint Venture, but also bear the liability for breach of contract to the shareholders who have subscribed their capital contribution on schedule. The amount of liquidated damages shall be calculated at 5/10000 of the overdue amount every day, and the maximum shall not exceed 5/1000 of the overdue amount. If a shareholder fails to fulfill his capital contribution obligations in full and fails to pay his capital contribution in full within one month after the issuance of notice of call, or withdraws his capital contribution and fails to return his capital contribution within one month after the issuance of notice, the equity corresponding to the shareholder's unpaid capital contribution may be terminated.

(7) Dispute resolution

Any dispute arising from or related to the *Capital Contribution Agreement* shall be settled through friendly negotiation between both parties. If negotiation fails, either party may bring the dispute to the people's court where the *Capital Contribution Agreement* is signed for litigation.

(8) Miscellaneous

All shareholders (including subsidiaries at all levels directly or indirectly holding or participating in shares in any way and affiliated enterprises of all shareholders) shall not seek other partners for cooperation involved or likely to be involved in the business field of rare earth resources in Laos, and shall use the Joint Venture as the only platform for rare earth resources development in Laos, unless otherwise agreed by shareholders,.

(9) Effectiveness

The *Capital Contribution Agreement* shall come into effect as of the date when the legal representatives/authorized representatives of both parties sign and affix their official seals or special seals for contract.

IV. Impact of this outward investment on the listed company

After the establishment of the Joint Venture, it will become the holding subsidiary of the Company. The purpose of this outward investment to set up the Joint Venture is to make full use of the respective advantages of Chifeng Gold and XTC, and build a cooperative development platform for rare earth resources, which is conducive to achieving the goals of complementary advantages, mutual benefit and common development. It is also conducive to enhancing the comprehensive competitiveness of the Company's rare earth resources development, promoting the development and utilization of rare earth resources, and meeting the needs of the Company's strategic planning and business development.

It is expected that this outward investment and the *Capital Contribution Agreement* will not have a direct and significant impact on the Company's financial situation and operating results in 2022. Their impact on the long-term development of the Company depends on the operation after the establishment of the Joint Venture.

V. Risk warning

After the establishment of the Joint Venture, its actual operation may face risks brought by national policies, local policies in Laos, macro-economy, market environment, industry competition and operation management, etc., and there are certain uncertainties in the future operation. On the basis of fully understanding the risk factors, the Company will pay close attention to the operating conditions of the Joint Venture and take appropriate management measures to strengthen risk management and control in order to obtain a good return on investment. Investors are kindly requested to invest rationally and pay attention to investment risks.

It is hereby announced.

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

September 23, 2022