

Stock Code: 600988

Stock Name: Chifeng Gold

Summary of 2022 Annual Report of Chifeng Jilong Gold Mining Co., Ltd.

Section 1 Important Tips

- I. **The Summary of Annual Report is extracted from the full text of 2022 Annual Report. In order to fully understand the Company's operating results, financial situation and future development plans, investors should carefully read the full text of 2022 Annual Report on the website (www.sse.com.cn).**
- II. **The Board of Directors, Board of Supervisors, directors, supervisors and senior managers of the Company guarantee that the contents of the Annual Report are authentic, accurate and complete and free from any false records, misleading statements or major omissions, and they will bear individual and joint legal liabilities.**
- III. **All directors of the Company attend the board meeting.**
- IV. **Ernst & Young Huaming Certified Public Accountants (Special General Partnership) issued a standard and unqualified audit report for the Company.**
- V. **Profit distribution plan or the plan for conversion of capital reserve into share capital in this reporting period approved by the Board of Directors**

The Company in the development stage completed the transaction of acquiring 62% equity of Golden Star Resources at a consideration of USD 291 million in cash in 2022. In 2023, a large amount of capital investment is still needed for mine prospecting, reserve increase and capacity expansion at home and abroad, and the cash demand is huge. Therefore, it is planned that no cash dividends will be paid this year, and no capital reserve will be converted into share capital.

Section 2 Basic Information of the Company

I. Company Profile

Company Stock Profile				
Type of stock	Stock listing exchange	Stock name	Stock code	Stock name before change
A-share	Shanghai Stock Exchange	Chifeng Gold	600988	ST Baolong

Contact person and contact information	Secretary of the Board	Securities Affairs Representative
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II. Overview of primary business during the reporting period

(1) Primary business of the Company during the reporting period

During the reporting period, the Company's primary business was gold and non-ferrous metal mining and processing, mainly through its subsidiaries. The primary business of the Company's subsidiaries are as follows: Jilong Mining, Huatai Mining and Wulong Mining are engaged in gold mining and processing business; Hanfeng Mining is engaged in zinc, lead, copper and molybdenum mining and processing business; Lane Xang Minerals Limited ("LXML") in Laos is mainly engaged in gold and copper mining and smelting; Golden Star Resources in Ghana is mainly engaged in gold mining and processing business; Guangyuan Technology is mainly engaged in the treatment of waste electrical and electronic products in the comprehensive resource recycling industry.

During the reporting period, the main products of the Company's mining subsidiaries were precious metals and non-ferrous metals such as gold and electrolytic copper.

(2) Business model

1. Non-ferrous metal mining and processing enterprise

(1) The Company has independent gold mines, and its mining subsidiaries are all mining enterprises integrating prospecting, mining and beneficiation. The mining methods of domestic gold and non-ferrous metal mining enterprises are all underground mining.

The main products of the Company's domestic gold mining enterprises are gold ingots. The main customers of gold products are members of Shanghai Gold Exchange. The Company hands over gold products to customers for sale through the trading system of Shanghai Gold Exchange. The settlement price is determined by the market price of the

pricing minus the processing fee and service charge. The payment for goods is settled on the day or the next day of the pricing, or part of the payment may be settled in advance as required. Downstream users of gold ingots include gold producers (gold bars for investment and standard gold ingots), jewelry producers, and other industrial gold enterprises, etc. The end users include central bank (official reserves), investment, jewelry, and industry, etc.

The main products of Hanfeng Mining include zinc concentrate powder, lead concentrate powder (containing silver), copper concentrate powder (containing silver) and molybdenum concentrate powder. The concentrate pricing of Hanfeng Mining for external sales is generally determined based on the market price of metals contained in the concentrate. The price of 1# zinc ingot of Shanghai Metals Market (“SMM”), the spot price of 1# lead of SMM and the settlement price of copper spot contract of Shanghai Futures Exchange are benchmark prices, and according to the actual metal content in concentrate powder products, the settlement price is determined by comprehensively considering factors such as freight and weight measuring fee. The products are mainly sold through the way of advance payment, and sold to the downstream large smelting enterprises with long-term cooperation relationship.

(2) The Company acquired LXML in Laos in 2018. LXML currently operates Sepon Copper and Gold Mine, and enjoys the right to explore and mine mineral resources in the exclusive area of Sepon Mining Area in Laos with a total area of more than 1,000 square kilometers. The specific mining period is no more than 50 years from 2003, and the mining method is open-pit mining. In 2023, open-pit and underground mining will be realized in parallel. Now it has two independent production lines of copper and gold. In 2020, LXML restarted gold production, and the oxidized ore and primary ore processing systems were put into operation in mid-May and late August 2020, respectively, with an annual ore processing capacity of 3 million tons. The main products of LXML are gold and electrolytic copper. Gold products are alloy gold containing 30%-80% gold and 20%-70% silver. Sales customers are selected globally through bidding, mainly large international refineries. The products can be sold at spot price according to 95% of the Company’s inspection results or at spot price after the next day’s results are determined, and customers make payment on the same day or

the next day. The cathode copper of LXML has Grade A quality of London Metal Exchange, and its cooperative customers are international commodity traders. The sales mode is determined by both parties through negotiation according to international trade rules. Copper is widely used in infrastructure, building and equipment manufacturing industries for manufacturing communication cables, wires and cables, power equipment, pipelines, mechanical equipment, air conditioning units and so on.

(3) In January 2022, the Company completed the acquisition of 62% equity of Golden Star Resources. The core asset of Golden Star Resources is Wassa Gold Mine in Ghana, and this mining area is located in Ashanti Gold Mine Belt, the largest gold metallogenic belt in Ghana and well-known in the world, with an area of about 300 square kilometers. The mining method of Wassa Gold Mine is the combination of underground mining and open-pit mining, and the annual ore processing capacity of the concentrator is 2.7 million tons. The main products are alloy gold containing more than 80% gold, which are entrusted to large gold refineries determined through bidding for sale. The pricing benchmark is the fixed price of spot gold of London Bullion Market Association, and the payment for goods is generally settled within 3 working days after the products are shipped out.

2. Comprehensive resource recovery enterprise

Guangyuan Technology, a holding subsidiary of the Company, is mainly engaged in the treatment of waste electrical and electronic products, and enjoys subsidies from the National Waste Electrical and Electronic Products Treatment Fund. At present, the annual disassembly capacity is 2.65 million units. The business process of Guangyuan Technology strictly follows the Guidelines for Standardized Disassembly Operation and Production Management of Waste Electrical and Electronic Products (2015) jointly issued by the Ministry of Ecological Environment and the Ministry of Industry and Information Technology. It mainly adopts the comprehensive disassembly technology combining manual disassembly with mechanical treatment, and carries out comprehensive treatment such as deep mechanical separation of disassembled materials. Guangyuan Technology takes Hefei City as its main raw material procurement market, has business layout in more than 30 counties and cities around Hefei City, and signs monthly procurement contracts with local large-scale customers.

Guangyuan Technology adopts the market floating pricing in combination with market conditions and suppliers' transportation distance and other factors. The sales batch time is determined according to the quantity and market conditions of disassembled products, and bidding price is offered. The goods are picked up by customers on site and shipped out upon receipt of payment.

III. Main accounting data and financial indicators of the Company

(I) Main accounting data and financial indicators in recent three years

Unit: Yuan Currency: RMB

	2022	2021	YoY (%)	2020
Total assets	17,544,294,456.09	8,053,605,934.24	117.84	7,215,822,332.49
Net assets attributable to shareholders of listed company	5,187,569,558.63	4,620,416,381.55	12.27	4,087,808,097.90
Operating income	6,266,787,257.00	3,782,624,088.21	65.67	4,558,188,911.41
Net profit attributable to shareholders of listed company	451,115,399.07	582,582,242.45	-22.57	784,024,812.51
Net profit attributable to shareholders of listed company after deducting non-recurring gains and losses	401,087,070.39	534,086,608.83	-24.90	678,769,004.89
Net cash flow from operating activities	1,090,132,512.94	755,148,839.23	44.36	1,072,375,487.39
Weighted average return on equity (%)	9.36	13.30	Decreased by 3.94 pcts	22.83
Basic earnings per share (yuan/share)	0.27	0.35	-22.86	0.47
Diluted earnings per share	0.27	0.35	-22.86	0.47

(yuan/share)				
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(II) Main accounting data quarterly in the reporting period

Unit: Yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating income	1,487,670,713.10	1,558,665,944.88	1,429,681,990.55	1,790,768,608.47
Net profit attributable to shareholders of listed company	174,112,427.38	236,782,520.46	-14,767,222.75	54,987,673.98
Net profit attributable to shareholders of listed company after deducting non-recurring gains and losses	169,677,052.54	240,836,961.94	11,379,701.99	-20,806,646.08
Net cash flow from operating activities	161,667,253.30	-71,682,376.57	384,191,368.77	615,956,267.44

Explanation of differences between quarterly data and disclosed periodic report data

Applicable N/A

IV. Shareholders

(I) Total number of common shareholders, total number of preferred shareholders with restored voting rights, total number of shareholders with special voting rights and top 10 shareholders as of the end of the reporting period and the end of the month before the disclosure of the Annual Report

Unit: Share

Total number of common shareholders as of the end of the reporting period (shareholders)	88,330
Total number of common shareholders as of the end of last month	90,934

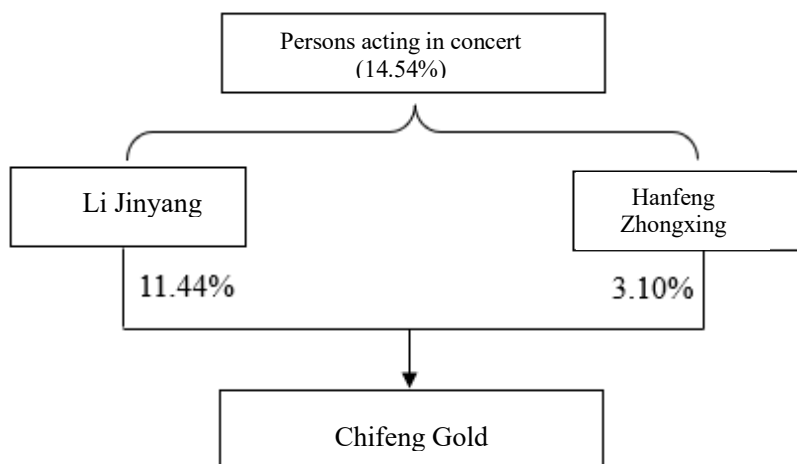
before the disclosure date of the Annual Report (shareholders)							
Total number of preferred shareholders with restored voting rights as of the end of the reporting period (shareholders)							N/A
Total number of preferred shareholders with restored voting rights as of the end of last month before the disclosure date of the Annual Report (shareholders)							N/A
Shareholding of the top 10 shareholders							
Name of shareholder (full name)	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of shares with limited sale conditions	Pledge, marking or freezing		Nature of shareholder
					Share status	Quantity	
Li Jinyang	190,410,595	190,410,595	11.44	0	Pledged	147,000,000	Natural person in China
Wang Jianhua	-24,542,600	73,628,171	4.43	0	None	0	Natural person in China
National Social Security Fund 118 Portfolio	-5,188,049	70,461,884	4.23	0	None	0	Others
Beijing Hanfeng Zhongxing Management Consulting Center (Limited Partnership)	0	51,515,151	3.10	0	None	0	Others
Agricultural Bank of China Limited - Dacheng Xinrui Industry Hybrid Securities Investment Fund	43,148,682	44,736,867	2.69	0	None	0	Others
China Construction Bank	5,193,714	42,290,592	2.54	0	None	0	Others

Corporation - Huaxia Energy Innovation Stock Securities Investment Fund							
National Social Security Fund 112 Portfolio	35,187,552	35,187,552	2.11	0	None	0	Others
GF Securities Co., Ltd. - Dacheng Ruijing Flexible Allocation Hybrid Securities Investment Fund	24,807,400	25,637,187	1.54	0	None	0	Others
Dajia Assets-ICBC-Dajia Assets-Blue Chip Selected No.5 Collective Asset Management Product	24,130,276	24,130,276	1.45	0	None	0	Others
Industrial and Commercial Bank of China Limited - Huaxia Core Manufacturing Hybrid Securities Investment Fund	-4,825,000	19,748,131	1.19	0	None	0	Others
Explanation of the above-mentioned shareholders' association or concerted action	Li Jinyang and Beijing Hanfeng Zhongxing Management Consulting Center (Limited Partnership) are persons acting in concert. The Company does not know whether other shareholders have an association relationship or a concerted action relationship.						
Explanation of preferred shareholders with restored voting rights and the number of shares held	N/A						

(II) Block diagram of property and control relationship between the Company and its controlling shareholder

✓ Applicable N/A

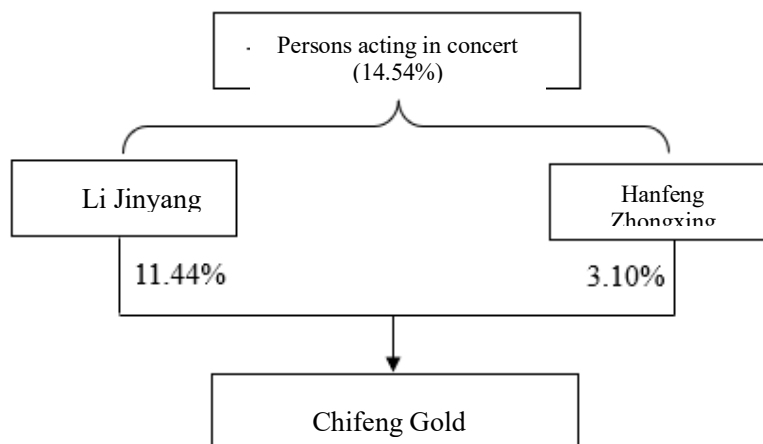
As of the end of the reporting period, the property and control relationship between the Company and its controlling shareholder is shown in the figure below:



(III) Block diagram of property and control relationship between the Company and its actual controller

✓ Applicable N/A

As of the end of the reporting period, the property and control relationship between the Company and its actual controller is shown in the figure below:



(IV) Explanation of the change of controlling shareholder during the reporting period

Applicable N/A

Mr. Zhao Meiguang, the former controlling shareholder and actual controller of the Company, died of illness on December 11, 2021. According to his will and notarized by Beijing Chang'an Notary Office, the shares of Chifeng Gold held by him before his death were inherited by his spouse, Ms. Li Jinyang, who became the controlling shareholder and actual controller of the Company. Please refer to the Suggestive Announcement on Change of Actual Controller and Change of Shareholders' Equity (Announcement No. 2021-071) and Detailed Report on Equity Change disclosed by the Company on December 15, 2021 for details. The above-mentioned share inheritance and transfer registration procedures have been completed as of the release date of this report. Please refer to the Announcement on the Progress of Inheritance and Negotiating Transfer of the Controlling Shareholder's Shares (Announcement No. 2022-035) disclosed by the Company on April 19, 2022 for details.

Section 3 Important Matters

I. According to the principle of materiality, the Company shall disclose the major changes in its business conditions during the reporting period, as well as the events that impose a significant impact on its business conditions during the reporting period and are expected to impose a significant impact in the future.

(1) Main business conditions during the reporting period

In 2022, the Company realized the primary business income of RMB 6,260,405,300. Specifically, the mining sector produced 13,568.53 kg of mineral gold, up 67.61% year on year, and 6,400 tons of electrolytic copper, up 28.16% year on year, realizing the primary business income of RMB 5,954,935,200. In 2022, the Company's gold output increased significantly as the acquisition of Golden Star Resources was completed. In the sector of comprehensive resource recycling, Guangyuan Technology disposed of 1,409,700 waste electrical and electronic products and 3,724 tons of defective products in 2022, with a primary business income of RMB 305,470,100. In 2022, the primary business income of

mining sector and comprehensive resource recycling sector accounted for 95.12% and 4.88% respectively. As of the end of the reporting period, the total assets of the Company were RMB 17,544,294,500, and the net assets attributable to shareholders of listed company were RMB 5,187,569,600, up 117.84% and 12.27% year on year respectively.

(2) Discussion and analysis of business conditions

In 2022, faced with the complex and changeable external environment, the management of the Company had a deeper understanding that uncertainty always accompanies and promotes the changes of the times, the development of the industry and the growth of enterprises. During the reporting period, the Company's production and operation also experienced short-term fluctuations and setbacks, and the loss in Q3 had a great impact on the annual target. While labor costs and raw material prices rose sharply, mining enterprises under the Company were implementing capacity expansion and transformation projects, so the pressure of cost control was particularly heavy. In the face of difficulties and challenges, the management of the Company proceeded from the reality, quickly adjusted and adapted to changes, and tried its best to reduce the impact of unfavorable factors. All employees adhered to the development consciousness and struggle will of "keep their chin up and bravely scale new heights", creating a new historical record of gold output. In 2022, the Company's gold output exceeded 10 tons for the first time, reaching 13.57 tons, up 67.61% year on year, laying a solid foundation of production scale and output, and continuing to step into the ranks of large gold mining companies.

1. Lay a solid foundation for development and actively promote the construction of key projects, technological transformation projects and prospecting to increase reserves

During the reporting period, all mining subsidiaries of the Company continued to invest funds for capacity expansion and transformation, offering a strong guarantee for future capacity improvement. In the first half of the year, the 1,000-ton/day concentrator project of Jilong Mining completed the signing of the design contract, the bidding for main equipment, the pre-examination of land, and the site leveling of the concentrator. It is expected that the main plant will be completed in August 2023, and the underground technical transformation

project will be implemented simultaneously, striving to achieve 1,000-ton/day mining capacity by the end of 2024. The 3,000-ton/day concentrator of Wulong Mining has been completed and put into trial operation. Wulong Mining continues to promote the underground prospecting project and mining technical transformation project, and the mining capacity has gradually improved. The equipment assembly of the kilometer shaft project of Hanfeng Mining will be completed by August 2023, and then the laneway development project will be carried out. The construction of air-return shaft started in September 2022, and it is expected that the production conditions will be reached by the end of June 2024. The molybdenum mine of Dongfeng Mine has been put into trial production for one month in the second half of 2022, and the mining and processing scale of 500 tons/day will be resumed in 2023. The underground mining project in Discovery Mining Area of LXML is carried out in an orderly manner. It is expected that mining will start in May 2023, and the mining capacity and scale will be improved after putting into production. The flotation recovery rate was improved by chemical optimization, field operation adjustment and flash flotation, and the leaching recovery rate of primary ore was improved by reducing chloride ion content in high-pressure oxidation kettle and combining heated leaching to reduce the influence of gold interception. LXML increased the comprehensive recovery rate of gold beneficiation steadily, and the concentration recovery rate of gold in 2022 was about 64%. Wassa Mine of Golden Star Resources made full use of the processing capacity of the existing concentrator, and obtained the open-pit mining licenses in Benso I Area and DMH Area in July and November 2022, respectively, which quickly provided supplementary ore for the concentrator and provided the foundation and guarantee for the further development of Wassa Gold Mine.

Significant achievements have been made in prospecting and increasing reserves in domestic and overseas mines. The 3,000-meter verification drilling project, a national key R&D project undertaken by Wulong Mining, successfully finished the hole with a depth of 3,003.99 meters. According to preliminary investigation, there are 4 gold ore bodies, 3 gold mineralized bodies, 2 zinc ore bodies and 1 zinc mineralized body in total, and many dyke swarms and sulfur-bearing silicified alteration zones are found in deep. There are new breakthroughs in ore depth and metallogenic types, which guide Wulong Mining's

exploration in deep and peripheral areas. For the first time, Jilong Mining found several new industrial ore bodies in the peripheral exploration area, especially ore bodies with a certain scale and high grade in the middle of 8, 9 and 10 at the deepest part of sunny slope blind shaft, which further proves that there are very good resource prospects in the deep part of this area. In 2022, Wassa Mine of Golden Star Resources completed a drilling footage of 30,000 meters in five drilling target areas, exceeding the plan by 10% and increasing by 5% year-on-year, with favorable prospecting prospects.

In 2022, 22 projects of LXML implemented drilling engineering, and completed drilling of 76.6 km, achieving good drilling results and development potential. The key gold mineralization types tracked include non-Carlin type (related to skarn) and Carlin type. Five key projects completed the establishment of geological models and preliminary resource models, and the delineated mineralization showed good exploration and development potential. LXML completed the general survey of rare earth in the southern west area within the exploration right of Sepon Mining Area. The general survey results show that there are two ore bodies, and the genetic type of the deposit belongs to weathering crust ion-adsorbed ree deposit. It is estimated that a total of 32,000 tons of intrinsic economic resources (332 + 333) of total rare earth oxides (TREO) will be obtained, with an average vertical thickness of 4.83 m and an average grade of 0.045%. The distribution of ionic rare earth oxides indicates that its distribution type belongs to medium and heavy rare earth.

2. Keep the pace of international development and continue the resource integration, M&A and cooperative development

In 2022, the Company accelerated the global asset layout. After successfully completing the acquisition of Golden Star Resources at the end of January, the Company's overseas assets accounted for 77.68% of its total assets, and the amount of gold resources retained reached a new level. Domestic mines also continue to implement the strategy of "building large mines and improving production scale" to benchmark first-class mines.

To further implement the Company's development strategy, optimize its capital structure, lay out overseas markets and accelerate the Company's international strategic layout, the Company planned to apply for issuing Global Depositary Receipts (GRD) and

listing them on the SIX Swiss Exchange. At the same time, the Company also gradually expanded its extensive cooperation in the world. The Company signed a cooperative prospecting agreement with Laos Mining Development (LMD), laying a foundation for expanding the exploration of various mining resources projects in Laos, and signed a cooperation agreement with Laos DDC, covering 26 project areas with gold, copper and rare earth resources development potential in Laos. In order to implement the development of rare earth resources, the Company signed a strategic cooperation agreement on resource development with Xiamen Tungsten, and established a joint venture to jointly develop rare earth resources in Laos by giving full play to their respective advantages.

During the reporting period, the Company invested in Tietto Minerals, an Australian listed company, by subscribing for additional shares, bidding for delisting, and increasing its holdings in the secondary market. As of the end of the reporting period, the Company held 13.05% of issued shares in Tietto Minerals, strengthening its strategic layout in West Africa, an important gold-producing region in the world. The Company cooperated with Saudi Ajlan & Bros Holding Group to carry out gold exploration projects in Saudi Arabia. This is an attempt by the Company to cultivate potential high-quality projects with lower cost and risk in order to open up a good situation for the development of gold resources in the Middle East.

The Company acquired 51% equity of Xinhenghe Mining and obtained the controlling equity of Xidengping Gold Mine in Eryuan County, Yunnan Province. This project is under construction, and the designed mining and processing scale of Phase I is 140,000 tons/year. After the prospecting right is transferred to mining right, the mining and processing scale and gold output will be further improved.

3. Actively undertake social responsibility and promote green and sustainable development with high ESG standards

“Benefit More People with the Development of Chifeng Gold” is the core values of the Company. The Company not only creates economic value, but also takes more social responsibilities, creates a safe and green production and operation environment, and continuously strengthens corporate governance. The Company’s overseas mines have always complied with international standards and best practices, and domestic mines are also moving

closer to the unified standards. Wassa Mine of Golden Star Resources continues to do ESG related work according to the standards of the World Gold Council (WGC) and the United Nations Global Compact (UNGC) and disclose relevant reports on time. LXML operates according to the standards of International Council on Mining and Metals (ICMM). Domestic mines are also actively moving closer to the standards of World Gold Organization (WGC). The Company will integrate domestic and foreign mine governance systems to continuously improve the ESG governance level of mines.

In 2022, the Company began to promote the construction of ESG system in domestic and overseas subsidiaries, completed the 2021 ESG Performance Report of overseas subsidiaries, and started the preparation of the 2022 ESG Report of the whole company. The Board of Directors adjusted the “Strategy Committee” to the “Strategy and Sustainable Development Committee”, added the function of ESG system construction, formulated and revised relevant management systems, established a sound ESG governance structure, and incorporated safety and environmental protection indicators into employee performance evaluation.

Domestic mines organize employees to plant trees every year for higher vegetation coverage, and carry out wind prevention and sand fixation and environmental governance. Wassa Mine of Golden Star Resources cooperates with local communities, makes full use of the original mining area, develops palm plantations, offers jobs for local communities, and realizes the symbiotic development of enterprises and communities. LXML strictly protects the surrounding ecology of the mining area, and has professionals to test the water and air quality. The Company also plans to implement solar power generation projects in domestic and overseas mines to reduce carbon emissions. In 2022, the Company made remarkable results in ESG construction and won many important awards.

4. Give full play to the mechanism advantages, adjust and optimize the organizational structure, and consolidate the talent base

The Company actively embraces change and boldly reforms and innovates the management mode. It comprehensively adjusted the organizational structure from the perspective of enterprise survival and development, personal growth and benefiting more

people, established a management system that meets the needs of development, and comprehensively improved the competitiveness of enterprise. To break through the barrier of regional culture, the Company established a learning organization through internal learning and external training. General managers of subsidiaries are selected from the best performers through competition and performance commitment in order to continuously upgrade the management level of grass-roots organizations.

During the reporting period, the Company started the comprehensive informatization construction. The online efficient office platform not only improved the work efficiency, but also set up a smooth communication channel for employees who are separated by the vast ocean. The “first step” in many work fields, such as adjustment of organizational structure, integration and application of domestic and foreign mine management modes, and training of international talents, provided a brand-new and strong driving force for the Company’s development.

The Company advocates the trinity concept of owners, operators and workers, firmly safeguards the basic rights and interests of employees, respects and recognizes the front-line workers at the grass-roots level, and closely binds the development of enterprise with the personal benefits of employees. With its own funds of RMB 300.787 million, the Company repurchased a total of 16,575,406 shares from the secondary market, which is intended to be used in the Phase II Employee Stock Ownership Plan. The main technical and management backbones actively participated in the subscription of Phase II Employee Stock Ownership Plan. The Company will continue to offer equity to the front-line backbone, and create platforms and opportunities for outstanding workers to break through the boundaries and become operators and owners.

In 2023, the Company will continue to deepen organizational change and improve operation and management efficiency around the theme of “breaking, reconstructing and entrepreneuring”, and strengthen the driving force for growth and entrepreneurship through effective incentive mechanism. The Company’s operating indicators will shift from focusing on the substantial increase in output to the steady increase in output, taking into account cost reduction and benefit increase. All-round assessment indicators will be set to ensure the

realization of cost reduction target, and the detailed and clear exploration plans will be developed to ensure the implementation of prospecting projects and consolidate the resource base. The Company will unswervingly develop rare earth resources, actively promote the examination and approval of rare earth resources exploitation right and license in Sepon Mining Area, and accelerate the strategic pace of obtaining rare earth resources in other areas of Laos. The management of the Company will adhere to the long-termism, take the initiative to be an entrepreneur, have the courage to change, and dare to undertake responsibilities, put into practice, and move forward firmly in the changing situation.

(3) Discussion and analysis on the future development of the Company

1. Company development strategy

Guided by the core values of “Benefit More People with the Development of Chifeng Gold”, the Company will focus on the mining and smelting of gold mines, keep eyes on high-quality gold mine resources at home and abroad, and strive to be a dedicated and professional gold mining company. It will also actively explore the application of new technologies and processes to develop mineral resources efficiently. Based on the people-oriented concept, the Company will gather talents, build a high-quality and professional management team, and vigorously promote management innovation. In addition, the Company will actively undertake social responsibilities, attaches importance to environmental protection, cares about community welfare and public welfare undertakings, so as to ensure its sustained and sound development and shape a corporate image with the characteristics of the times.

The Company will adhere to the development strategy of “focusing on gold”, unswervingly develop the primary business of gold mining, seize the strategic opportunity of national economic restructuring, and create economic value and social value for shareholders to the maximum extent. The Company’s development goal is to be an international gold mining listed company with leading technology, scientific management, obvious cost advantage, abundant resource reserves, outstanding core competitiveness and good reputation in the gold market and capital market. The Company’s development vision is to be a prominent gold producer well recognized around the world.

2. Business plan

In 2022, the Company originally planned to produce at least 15.76 tons of gold, with an operating income of RMB 7.144 billion, an operating cost of RMB 5.037 billion and a net profit attributable to the owner of the parent company of RMB 882 million. In 2022, the actual gold output was 13.57 tons, the operating income was RMB 6.267 billion, and the net profit attributable to the owner of the parent company was RMB 451 million. The main reasons are as follows: (1) the ore grade in 2022 decreased compared with the previous year, and the rising prices of raw materials and energy led to a sharp increase in material costs and electricity charges compared with the previous year, and the unit cost increased; (2) the effective tax rate of income tax rose after Golden Star Resources are included in the scope of merger; (3) the appraised value-added formed in the process of merger and acquisition had a large amortization amount in 2022.

In 2023, the Company will conservatively set the gold output goal, focusing on cost reduction and control. Within the consolidated scope, the overall output of mineral gold is planned to be at least 14.6 tons, electrolytic copper to be at least 6,670 tons, copper, lead and zinc concentrate powder to be at least 23,800 tons, and molybdenum concentrate powder to be at least 400 tons. It is estimated that the annual sales income will be RMB 6.5 billion, and the net profit attributable to the owner of the parent company will be no less than RMB 650 million.

In view of the Company's production scale and strategic planning, it is estimated that the total capital investment demand in 2023 will be about RMB 1.44 billion, which is mainly used for investment in mine expansion projects. The Company's operating cash flow can basically meet the needs of daily production and operation. At the same time, the Company will actively use the financing platform of listed company, rationally use capital and financial markets, expand financing channels, and raise funds through gold leasing, short-term loans and other means, so as to meet the capital needs of the Company's production and operation and project construction, and ensure the normal production and operation. While constructing and managing projects under construction, the Company will strive to improve the capital usage efficiency and reduce the cost of capital.

The above business plan does not constitute the Company's performance

commitment to investors, so investors should maintain sufficient risk awareness and should understand the difference between business plan and performance commitment.

II. In case of delisting risk warning or termination of listing after the disclosure of the Annual Report, the relevant reasons shall be disclosed.

Applicable N/A