

## **Chifeng Jilong Gold Mining Co. Ltd.**

### **Announcement On the Deposit and Usage of the Raised Fund in the First Half of Year 2024**

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

Pursuant to the relevant regulations such as *the Supervision on the Managing and Actual Usage of Funds Raised by the Listed Companies (Guideline No. 2 of Listed Company)* and *the Compliance of Self-Discipline Supervision by Listed Companies of the Shanghai Stock Exchange(Guidelines No.1)*, a special report on the depositing and the actual usage of funds raised by Chifeng Jilong Gold Mining Co. Ltd. (hereinafter referred to as "**the Company**") for the first half of 2024 was made and summarized as follows

#### **I. Basic information of the raised funds**

##### 1. The actual amount of funds raised and the book dates

Following being approved by the China Securities Regulatory Commission on the Approval of Chifeng Jilong Gold Mining Co. Ltd. to Issue Stocks to Mr. Zhao Meiguang among others to Purchase Assets and Raise Supporting Fund (file No.CSRC (2019)-2020), The Company had issued 74,375,000 stocks to Mr. Zhao Meiguang, 51,515,151 stocks to Beijing Hanfeng Zhongxing Asset Management Consulting Center (limited partnership) (hereinafter referred to as "**Hanfeng Zhongxing**"), 2,897,727 stocks to Mr. Meng Qingguo, an aggregate of 128,787,878 shares to purchase 100% equity interest of Jilin Hanfeng Mining Technology Co., LTD. (hereinafter referred to as "**Hanfeng Mining**"), and the fund not exceeding RMB 510 million yuan is approved to be raised through the private placement.

The Company had raised the funds through the private placement of 108,742,004 ordinary A-share to the targeted investors with the par value of 1.00 yuan per share and the issuing price of RMB 4.69 yuan per share. The total amount of funds raised stands RMB 510 million yuan. After deducting the underwriting fee of RMB 7 million, the net amount of funds raised by the Company through the private placement is RMB 503 million. As of January 17, 2020, all the above raised funds have been transferred to the Company's dedicated account, which was audited and verified by Zhongsheng Zhonghuan Accounting Firm (a special general partnership) and the capital

verification report (file No. ZH (2020)- 230002) was issued consequently.

## 2. The usage and balance of funds raised

By June 30, 2024, the Company has directly used RMB 25,874,300 yuan of the funds raised in the first six months of 2024, and had repaid RMB 30 million yuan which had been temporarily used to supplement the working capital. The accumulative sum of RMB 503,654,200 yuan has been used inclusive of the temporary use of RMB 80 million yuan of idle funds to supplement the working capital, with the balance of RMB 7,457,300 yuan (which includes the net income of RMB 1,111,500 yuan resulting from the interests earned on bank deposits, the cash management gains after the deductions for the banking fees, excluding the RMB 80 million yuan temporarily used to supplement working capital).

## II. the deposit and management of raised funds

In accordance with the provisions of *the Listing Rules of the Shanghai Stock Exchange, the Supervision on the Managing and Actual Usage of Funds Raised by the Listed Companies (Guideline No. 2 of Listed Company)* and other relevant regulations and in consideration of the actual circumstance, the Company had formulated the Rules on the Usage of Raised Funds, which had been reviewed and approved by the Board of Directors to constitute the internal control system for the deposit, usage and management of the raised funds by explicitly prescribing the rules and policy on the deposit, usage, adjustment, supervision and accountability.

### 1. The escrow account of the raised funds

On Feb 12, 2020, the Company made and entered a three-party escrow agreement on the supervision of the special account of the raised funds with Yulong Branch of Industrial Bank (Chifeng) and Everbright Securities. On February 21, 2020, the Company, Hanfeng Mining, Yulong Branch of Industrial Bank (Chifeng) and Everbright Securities signed a four-party agreement on the management of the special account of the raised funds, which is found virtually consistent with the thirty-party escrow agreement and have been effectively implemented.

### 2. The deposits of special account for the raised funds

As of June 30, 2024, the deposit of the raised funds in the bank is as follows

RMB: Yuan

Item	Bank	Account No.	Balance
1	Yulong Branch of Industrial Bank (Chifeng)	595020100100022825	Canceled
2	Industrial Bank (Chifeng)	595010100100196182	7,457,313.43
	Total		7,457,313.43

### **III. the actual usage of the raised funds as at June 30, 2024**

#### **1. Usage of funds raised for the investment projects**

As of June 30, 2024, the details of the Company's usage of the raised funds can be found in the attachment as the progress against the plan of raised fund usage of Chifeng Jilong Gold Mining Co., Ltd.

#### **2. The prior self-funded investments and its replacement with the raised funds**

On February 21, 2020, the 20<sup>th</sup> meeting of the seventh Board of directors and the 10<sup>th</sup> meeting the sixth Supervisory Board of the Company reviewed and approved the "the Proposal on Using Funds Raised through the Private Placement to Replace the prior Self-funded Investment" for the Company to use the funds raised through the private placement to replace the previously self-funded investment of RMB 32.3987 million, including RMB 21.9389 million yuan investment by Hanfeng Mining for Tianbaoshan Pb-Zn polymetallic mine deep-mine exploration program and RMB 10.4598 million yuan previously paid by the Company as the consultants fees of the private placement.

Zhongshen Zhonghuan Accounting Firm (a special general partnership) has issued an auditing report on the replacement of self-funded investment with the funds raised through the private placement (File No. 2020- 230003). Everbright Securities, the independent financial adviser, had issued an independent opinion, saying no objection to the Company's use of funds raised through the private placement to replace the prior self- funded investment for the planned projects.

#### **3. Temporarily supplement working capital with idle raised funds**

On February 23, 2024, the 25<sup>th</sup> meeting of the 8<sup>th</sup> Board of Directors and the 16<sup>th</sup> meeting of the 7<sup>th</sup> Supervisory Board of the Company adopted the resolution on using part of the idle funds raised to temporarily supplement working capital. Due to the long period of construction of the investment projects of Hanfeng Mining, the deep-mine exploration program and Lishan plant expansion project of Tianbaoshan Pb-Zn mine, and by considering the Company's business and operational needs, the Company agreed to use the part of the idle funds raised for these projects, a total of RMB 90 million yuan, to temporarily supplement the working capital with the usage period not exceeding 12 months as of the approval date by the Board of director. The Company will return the funds to the dedicated account before the expiration date.

On May 30-31st, 2024, the Company paid back RMB 10 million yuan of the funds used for temporarily supplementing working capital to the dedicated account.

The actual amount of the idle funds used as of June 30, 2024, by the Company to temporarily supplement working capital stands RMB 80 million yuan.

#### 4. Cash management of idle proceeds and investment

From January 1 to June 30, 2024, the Company did not use idle raised funds for cash management; As of June 30, 2024, the balance of the Company's use of idle raised funds for cash management is RMB 0.00 yuan, and the Company has received a total income of RMB 747,400 yuan from the interests of bank deposit products

#### 5. Permanent replenishment of working capital or repayment of bank loans with oversubscribed funds

During the reporting period, the Company did not permanently replenish working capital or repay bank loans with oversubscribed funds.

#### 6. Oversubscribed funds for the under- construction and new projects (including asset acquisition, etc.)

During the reporting period, the Company did not register any oversubscribed funds using for the under- construction or new projects (including asset acquisition, etc.)

#### 7.Usage for the excess of raised funds

On February 21, 2020, the 20th meeting of the Seventh Board of directors and the 10th meeting of the Sixth Supervisory Board reviewed and approved the proposal on using the excess fund raised to permanently supplement working capital. Considering that fact the payment of related taxes and levies, the consultant fees of the private placement has been successfully completed, with a view to facilitate the Company's financial performance, improve the efficiency of the funds and business operation, the Company agreed to permanently supplement working capital with the sum of RMB 2,540,200 yuan as the surplus( inclusive of the saving interest) of the fund originally earmarked for payment of the related taxes and levies, the consultants fees of the transaction.

#### 8. Other circumstances on the use of the raised funds

During the reporting period, the Company has registered no other use of the raised funds

### **IV. The re-allocation of funds for investment projects with raised funds**

The 16<sup>th</sup> meeting of the eighth Board of Directors and the 11th meeting of the seventh Supervisory Board on March 30, 2023 and the 2022 annual general meeting of shareholders held on April 20, 2023 had adopted the resolution on re-allocating part of

the funds raised for other purpose, approving the use of RMB 96.5 million yuan of the unused funds earmarked for the deep-mine exploration program of Tianbaoshan Pb-Zn Mine to Lishan expansion project of the mine, with the remaining funds still committed for the original projects.

#### **V. Problems identified in the use and disclosure of raised funds**

During the reporting period, the Company has adequately and timely disclosed the relevant information in a truthful, accurate manner, and the used raised funds have been invested in the investment projects as originally planned, and there is no major case of illegal use of the raised funds

This is hereby announced.

Board of directors  
Chifeng Jilong Gold Mining Co., Ltd.  
31 August 2024

Attachment 1

The progress against the plan of raised fund usage of Chifeng Jilong Gold Mining Co., Ltd.

As at June 30 2024

Units: RMB x10,000 yuan

Total amount of funds raised				51,000.00		Total amount of funds invested this Year				-412.57		
The amount of funds re-allocated				9,904.02		The accumulative amount of funds invested to date				50,365.42		
Proportion of Re-allocated Funds				19.42%								
The Planned Investment Projects	Projects That Have Been Altered (including partial alterations, if any)	Total Amount of Funds Pledged for Investment	Adjusted Investment Amount	Amount of Funds invested as of Period-end (1)	Amount of Funds invested This Year	Amount of Funds invested as of Period-end (2)	Difference Between (2) and (1): (3) = (2)-(1)	Progress of Funds invested (%) (4) = (2)/(1)	Date When Project Can Be Used as Planned	Benefits Achieved This Year	Whether Benefits Achieved as Expected	Has Project Viability Changed Materially?
Tianbaoshan Pb-Zn mine at depth exploration Project	Tianbaoshan Pb-Zn mine Lishan Expansion Project	29,000.00	19,350.00	19,350.00	1,774.30	18,232.93	-1,117.07	94.23	December 31, 2024	Not applicable	Not applicable	No
Tianbaoshan Pb-Zn mine Lishan Expansion Project (Note 1)			9,650.00	9,650.00	813.13	2,120.27	-7,529.73	21.97	December 31, 2024	Not applicable	Not applicable	No
Repayment of Bank Loans and Supplementing Working Capital		20,000.00	20,000.00	20,000.00	-3,000.00	28,266.24	8,266.24	141.33	Not applicable	Not applicable	Not applicable	Not applicable
Payment of tax, levy and consultant fees in relation to the transaction		2,000.00	2,000.00	2,000.00		1,745.98	-254.02	87.30	Not applicable	Not applicable	Not applicable	Not applicable
Total		51,000.00	51,000.00	51,000.00	-412.57 (note 2)	50,365.42	-634.58					
Reasons for projects falling behind the schedule		Due to force majeure, the construction progress of the planned projects initiated by Hanfeng Mining from 2020 to 2022 was insufficient. Meanwhile, to ensure safe production, an additional ventilation shaft was constructed for the deeper mine exploration project of Tianbaoshan Pb-Zb mine, thereby delaying the progress of the project. By the end of 2022, the original planned exploration project had achieved the staged result, and in April 2023, the amount of RMB 96.5 million yuan of raised funds was re-allocated to the Lishan expansion										

	project of Tianbaoshan mine.
Comments on project viability changing materially	not applicable
The replacement of prior self- fund investment with the fund raised	The Company had used the funds raised through the private placement to replace the previously self-funded investment of RMB 32.3987 million
The supplementing of working capital with the idle fund raised	The amount of idle funds used as of June 30, 2024, by the Company to temporarily supplement working capital stands RMB 80 million yuan
The cash management and other investment of idle fund raised	As of June 30, 2024, the balance of the Company's use of idle raised funds for cash management is RMB 0.00 yuan, and the Company has received a total income of RMB 747,400 yuan as the interests of bank deposit products
The use of excess funds raised through IPO to permanently supplement working capital or repay bank loans	not applicable
Amount and cause of excess funds raised through IPO	The Company has completed the payment of related taxes and fees for the transaction, and in order to improve the efficiency of its funds, the surplus funds of RMB 2,540,200 inclusive of the interests generated have been used to permanently supplement working capital
Other uses of raised funds	Not applicable.

Note 1: For details on the reallocation of funds to the planned investment project, please refer to Section IV: The re-allocation of funds for investment projects with raised funds.

Note 2: The repayment of the amount of raised fund for temporarily supplementing the working capital in this year exceeds the amount used for the planned investment project.