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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)

PROFIT WARNING

This announcement is made by Shandong Gold Mining Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review and assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 (the “**2021 1st Half**”) prepared pursuant to China Accounting Standards for Business Enterprises, it is expected that the Group will record a loss attributable to the shareholders of the Company of RMB1,360 million (net profit attributable to the shareholders of the Company for the corresponding period of last year: RMB1,153 million). The estimated loss in results of the current period was mainly attributable to the following reasons:

(i) Impact of principal business

In early 2021, Qixia Hushan Gold Mine (栖霞市笏山金礦) of Shandong Wucailong Investment Company Limited (山東五彩龍投資有限公司) and Caojiawa Gold Mine (曹家窪金礦) of Shandong Zhaoyuan (山東招遠), two local enterprises which are not owned by the Company, encountered safety incidents. As a result of the aforesaid two incidents, the mines in Shandong Province owned by the Company have started to carry out safety inspections since February 2021 in accordance with the requirements of the local authorities.

As at the date of this announcement, the resumption of work and production of the mines in Shandong Province owned by the Company is as follows: Shandong Gold Mining (Laixi) Co., Ltd., Shandong Jinzhou Mining Group Co., Ltd., Shandong Gold Mining (Xinhui) Co., Ltd. and Shandong Gold Mining (Yinan) Co., Ltd. have resumed normal production; Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd., Xincheng Gold Mine of Shandong Gold Mining Co., Ltd., Jiaojia Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. and Dongfeng mining area of Shandong Gold Mining (Linglong) Co., Ltd. (“**Linglong Gold Mine**”) have passed the inspection and acceptance of the resumption of work and gradually resumed production, yet, the above-mentioned four major domestic mines currently have not reached their respective designated production capacity, and their daily combined production capacity as of 13 July 2021 represented 29.74% of their average daily combined production capacity in the previous year; the two enterprises, namely Shandong Gold Group Penglai Mining Co., Ltd. and Shandong Gold Guilaizhuang Mining Co., Ltd. and the other mining areas of Linglong Gold Mine are actively applying to the relevant competent authorities for the resumption of work and production.

The Company’s production capacity was greatly affected due to the above-mentioned shutdown, and the gold production volume during the 2021 1st Half was 9.80 tonnes, representing a decrease of 10.23 tonnes or 51.07% as compared to corresponding period of the last year. As a result, the Company’s profits decreased, resulting in a loss for the 2021 1st Half.

(ii) Effect of the non-recurring gains and losses

The Company’s non-recurring gains and losses amounted to RMB478,200 in the previous period, and the amount of non-recurring gains and losses in the current period was less than RMB5 million, which had a relatively small impact on the current profit.

COUNTERMEASURES

(1) Supervise the full resumption of work and production of enterprises to reduce the impact of production suspension on production and operation

Keep abreast of production and operation dynamics in a timely manner, adopt a designated individual to take responsibility and pay close attention to the circumstances to create all conditions to help companies that have not yet resumed work to resume work and production as soon as possible, and strive to reduce the impact of the above-mentioned safety inspections on production and operation throughout the year.

(2) Innovate corporate management, improve corporate management level

Upgrade the production organization of companies that have resumed work, optimize the layout of mining projects, find shortcomings and bottlenecks that restrict the further improvement of corporate management efficiency, and carry out rectification activities to improve quality and achieve designated production capacity.

(3) Enhance geological prospecting and vigorously promote the integration of gold resources

Make efforts to highlight prospecting research, carry out the work of “exploring to eliminate blind spots, prospecting to increase reserves”, implement dynamic management of geological grade, and improve resource utilization rate. Further speed up the injection of qualified gold resources and resource integration held by the controlling shareholder, and comprehensively enhance gold resource reserve capacity.

As the Company is still in the process of preparing and finalizing the 2021 interim results announcement of the Group, the information contained in this announcement is only based on the Company’s preliminary assessment of the unaudited consolidated management accounts of the Group for the 2021 1st Half (which have not been audited by the Company’s auditors) based on the information currently available. Therefore, the actual results of the Group for the 2021 1st Half may be different from those disclosed in this announcement. Shareholders and potential investors of the Company are advised to read the 2021 interim results announcement of the Group carefully, which is expected to be published by the end of August 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Jinan, the People’s Republic of China
14 July 2021

As at the date of this announcement, the executive directors of the Company are Mr. Liu Qin, Mr. Wang Shuhai 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. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng.