



SD GOLD

# 山東黃金礦業股份有限公司 SHANDONG GOLD MINING CO., LTD.

(於中華人民共和國註冊成立的股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

A Share Stock Code A股份代號：600547 H Share Stock Code H股份代號：1787

## 2024 INTERIM REPORT 中期報告



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Liu Qin  
Mr. Wang Shuhai  
Mr. Tang Qi

### NON-EXECUTIVE DIRECTORS

Mr. Li Hang  
Ms. Wang Xiaoling

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Yunmin  
Mr. Liew Fui Kiang  
Ms. Zhao Feng

### SUPERVISORS

Mr. Li Xiaoping  
Ms. Liu Yanfen  
Mr. Luan Bo

### AUDIT COMMITTEE

Ms. Zhao Feng (*Chairman*)  
Mr. Li Hang  
Ms. Wang Xiaoling  
Mr. Wang Yunmin  
Mr. Liew Fui Kiang

### NOMINATION COMMITTEE

Mr. Wang Yunmin (*Chairman*)  
Mr. Liu Qin  
Mr. Liew Fui Kiang  
Ms. Zhao Feng

### REMUNERATION AND APPRAISAL COMMITTEE

Mr. Liew Fui Kiang (*Chairman*)  
Mr. Wang Shuhai  
Mr. Tang Qi  
Mr. Wang Yunmin  
Ms. Zhao Feng

### STRATEGY COMMITTEE

Mr. Li Hang (*Chairman*)  
Ms. Wang Xiaoling  
Mr. Wang Yunmin  
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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Industry and Principal Business of the Company during the Reporting Period

#### Business Scope

During the Reporting Period, the Company's approved business scope was mainly: exploration, mining, beneficiation and sales of gold and non-ferrous metal, production, processing and sales of specialized equipment for gold mines and construction and decoration materials (excluding products restricted by national laws and regulations). The Company's main products include standard gold bullions, investment gold bars, alloy gold and silver ingots.

The mining enterprises under the Company's management are located in Shandong, Fujian, Inner Mongolia, Gansu, Xinjiang, Jilin, Heilongjiang, Qinghai, Yunnan and other regions in the PRC, and overseas countries such as Argentina, South America and Ghana, Africa, forming an integrated industry chain covering exploration, mining, beneficiation, smelting of gold, deep processing and sales of gold products, as well as the manufacture of mining equipment, with an industry-leading scientific and technological research and development system, and a mining finance business and capital investment and financing support platform.

#### Operating Model

##### 1. *Large-scale production and operation*

The Company focuses on the development and utilization of gold mineral resources. By adopting the gold production model of scattered mining and beneficiation and centralized smelting, the Company has utilized the mechanized and large-scale mining equipment, the automated transportation and lifting system, and the intelligent beneficiation technology to realize the large-scale, intensive and mechanized mining of gold resources. Relying on the world's third largest gold mineralization belt, national-level integrated exploration area, and world-class extra-large gold mine enrichment area in the east region of Jiaodong Peninsula, the Company will accelerate the construction of a world-class gold resource industry base. The base is centered around the three resources integrated areas of Sanshandao Gold Mine, Jiaojia Gold Mine, and Xincheng Gold Mine, while also completing supporting construction projects in smelting, equipment manufacturing. In the first half of 2024, the Company completed the acquisition of the exploration right of Xiling Gold Mine, and integrated it with the original mining right of Sanshandao Gold Mine into a mining right, and is currently carrying out the related work of project construction. Jiaojia Gold Mine Resource Integration Project and Xincheng Gold Mine Resource Integration Project are progressing in an orderly manner. The Company successfully completed the equity acquisition of Baotou Changtai Mining, achieving the addition of more than 16 tonnes of gold metal in the acquisition, and will add one tonne of gold mine to Shandong Gold by increasing production capacity in the later period.

##### 2. *Lean operation control*

The Company has a complete industrial chain integrating resource acquisition, geological exploration, mine production, equipment manufacturing, and industrial finance, and has formed a full-process closed-loop management system of plan release, process control, indicator implementation, and assessment and evaluation. The Company issued the Guiding Opinions on Strengthening Technical Management in an All-round Way and the list of tasks for upgrading technical management in 2024, to comprehensively improve the level of technical management and optimize the main production technical indicators. During the Reporting Period, the recovery rate of comprehensive processing and smelting of underground mines increased by 0.24 percentage point as compared with the same period of last year, while the mining loss rate decreased by 0.02 percentage point as compared with the same period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. *Technology and innovation-driven model*

The Company insists on in-depth implementation of the innovation-driven development strategy, attaches great importance to improve independent innovation capabilities, and continues to increase investment in technological innovation. In the first half of 2024, the R&D investment was RMB258 million, an increase of 56.5% over the same period last year; 26 invention patents were applied for, two enterprises were approved as a provincial-level “specialized and new” small and medium-sized enterprises, and three enterprises were approved as provincial-level innovative small and medium-sized enterprises; The achievement of “Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines” won the second prize of the National Science and Technology Progress Award, and the “Research and Demonstration Project of Key Technologies and Equipment for Intelligent, Safe and Efficient Mining of Deep Resources” was selected as the “Top Ten Scientific and Technological Achievements” of Shandong Provincial Enterprises.

### 4. *Safe and green development*

The Company has solidly carried out the three-year action to tackle the root causes of safety production, and has made precise efforts to consolidate the foundation of safety production and comprehensively improve the level of intrinsic safety from the aspects of improving the system, strengthening education and training, upgrading the level of equipment, and strictly assessing rewards and punishments. The Company adheres to the concept of green and low-carbon development throughout the whole process of mining development, actively, steadily and orderly promotes the work of “carbon peaking and carbon neutral”, and coordinates to promote carbon reduction, pollution reduction, green expansion and growth. Focusing on consolidating and upgrading the construction of green mines, strengthening supervision and management, improving and perfecting the long-term management mechanism, and promoting the continuous improvement of construction quality, Xincheng Gold Mine won the title of “Water-saving Enterprise in Shandong Province (山東省節水型企業)” in the first half of 2024, and consolidated the brand image of “Ecological Shandong Gold”.

## Analysis on Situation of the Company’s Industry during the Reporting Period

### Industry Development

The current international environment is severe and complex, with the global landscape evolving rapidly. The gold industry faces new challenges, including intensified competition for mineral resources, rising resource protectionism, and increasingly fierce competition among leading enterprises. Meanwhile, due to a combination of factors such as market expectations of a shift towards monetary easing by major global central banks, and ongoing geopolitical tensions, the dual roles of gold as a hedge and an inflation protector have been significantly enhanced, leading to strong demand for central bank gold purchases and gold investment consumption. The gold industry is thus presented with a favorable development opportunity.

During the Reporting Period, the global macroeconomic and political landscape remained complex and intertwined. On one hand, inflation levels in the United States have gradually declined but remain above the Federal Reserve’s policy targets, while signs of economic weakness have emerged in the United States, leading to market expectations of interest rate cuts by the Federal Reserve in the second half of 2024. On the other hand, global central banks’ monetary policies have diverged, with some non-U.S. central banks, such as the European Central Bank, initiating rate cuts, raising concerns that a wave of global rate cuts may reignite inflation risks. Additionally, the ongoing stalemate in the Ukraine crisis, continued tensions in the Middle East between Israel and Palestine, and political instability due to elections in several countries have added complexity to the global geopolitical landscape, increasing market demand for safe-haven assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, gold prices rose sharply and hit record highs. Gold prices have risen sharply amid expectations that the Federal Reserve will cut interest rates this year, rising global inflation expectations and geopolitical tensions. In the first half of 2024, the international spot gold price ranged from the highest of US\$2,450/ounce to the lowest of US\$1,984/ounce, with a maximum volatility of US\$466/ounce, closed at US\$2,326/ounce, up by approximately 12.8% as compared to the closing price at the end of last year. The domestic RMB gold price was stronger than the international gold price. The contract price of Shanghai Gold Exchange Au (T+D) reached the highest of RMB582/g and the lowest of RMB476.03/g, and closed at RMB549.58/g in the first half of 2024, representing an increase of approximately 14.5% over the closing price at the end of last year.

Looking ahead to the gold price trend in the second half of 2024, with the falling inflation in the United States and the increasing pressure on the United States economy caused by the high interest rate environment, the expectation of the Federal Reserve entering the monetary easing cycle will be further strengthened, while the elections in the United States and Europe, the turmoil in the Middle East and Russia and Ukraine will also cause greater uncertainty to the global geopolitical situation. In the future, the hedging and investment functions of gold will be further enhanced, and gold prices are expected to continue the trend of high volatility in the second half of 2024.

### Domestic Gold Trading Volume and Production

During the Reporting Period, the total amount of gold traded on the domestic gold exchanges increased significantly. According to the statistics of the China Gold Association, the accumulated bilateral trading volume of all gold products on the Shanghai Gold Exchange in the first half of 2024 was 29,800 tonnes (unilateral: 14,900 tonnes), representing a year-on-year increase of 39.77%, with a bilateral turnover of RMB15.49 trillion (unilateral: RMB7.74 trillion), representing a year-on-year increase of 68.48%. The accumulated bilateral trading volume of all gold products on the Shanghai Futures Exchange was 80,100 tonnes (unilateral: 40,100 tonnes), representing a year-on-year increase of 34.74%, with an accumulated bilateral turnover of RMB35.67 trillion (unilateral: RMB17.84 trillion), representing a year-on-year increase of 58.58%.

During the Reporting Period, the domestic gold production continued to grow year-on-year. According to the statistics of the China Gold Association, the gold produced with domestic raw materials was 179.634 tonnes in the first half of 2024, an increase of 1.036 tonnes as compared to the same period in 2023, representing a year-on-year increase of 0.58%. Among them, the gold mine-produced gold was 141.496 tonnes, and the non-ferrous by-products was 38.138 tonnes. In addition, the gold produced from imported raw materials was 72.026 tonnes in the first half of 2024, representing a year-on-year increase of 10.14%. When including this portion of gold produced from imported raw materials, a total of 251.660 tonnes of gold were produced nationwide, representing a year-on-year increase of 3.14%.

In recent years, in the context of the country's comprehensive implementation of a new round of mineral exploration breakthrough strategies, domestic gold enterprises have further intensified their resources exploration efforts while carrying out mergers and acquisitions at home and abroad to increase their ability to acquire resources. In 2023, gold industry enterprises continued to enhance technological innovation, promote comprehensive utilization of resources and push ahead with green and low-carbon technologies in line with the concept of responsible gold mining. Key conglomerates actively participated in and undertook projects under national major research and development plans by establishing a series of engineering demonstrations to provide strong scientific and technological support for improving the development and utilization of China's gold mineral resources.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Position of Shandong Gold

The Company is one of the leading gold producers in China, with abundant reserves of gold resources. Through continuous optimization of production organization, intensification of resource exploration and active merger and acquisition integration, the Company comprehensively enhanced the level of scientific and technological innovation, continuously increased its gold production and resources, and its domestic mines have maintained the first place in gold production for consecutive years. According to the statistics of the China Gold Association, in the year 2023, three of the Company's mines were selected as China Top Ten Mines in Gold Production and China Top Ten Mines in Gold Economic Efficiency; in the year 2023, there were 38 independent mines in China with mine production of more than one tonne of gold, and the Company possessed 12 of them, accounting for nearly one-third of the total. In the first half of 2024, the gold production of mines of the Company was 24.52 tonnes, equivalent to 17.33% of the gold production of domestic mining enterprises, which continued to consolidate the dominant position of the domestic gold industry.

### Analysis on the Core Competitiveness during the Reporting Period

#### Strategic Advantage

The Company firmly grasped the theme of high-quality development, strengthened the role of strategic leadership, adhered to the drive of reform and innovation, and concentrated on the development of the main business. Focusing on the development concept of "Safe Shandong Gold, Ecological Shandong Gold, Vibrant Shandong Gold and Humanistic Shandong Gold", and adhering to the philosophy that "technology is the primary productive force and innovation is the first driving force", the Company continued to increase investment in research and development, focused on the core technologies of the industry, accelerated the building of scientific research platforms, actively developed and promoted new technologies, new equipment and new processes, steadily pushed forward digital transformation and the construction of intelligent mines, and activated the endogenous development momentum. The Company, following the strategy of "internal growth and external expansion to optimize and increase resources", is strengthening exploration and reserve expansion internally while relying on the resource integration in important metallogenic zones to externally acquire quality resources in an active manner, so as to continuously consolidate our leading position. Meanwhile, the Company promoted the construction of overseas infrastructure mine enterprises, stabilized the output of in-production mine enterprises, and enhanced the operational capacity of overseas production mines, striving to create a model for high-quality development of overseas mining operations. Acting on the concept of "lucid waters and lush mountains are invaluable assets", the Company continuously improved the safety and environmental protection management system, accelerating the formation of a new mode of mining development in line with the requirements of ecological civilization. The Company always placed production safety in the position of "more important than everything else, prior to everything else, higher than everything else, and overriding everything else", promoted comprehensive upgrading of mining enterprises in terms of management reform, technological innovation and process optimization to build up safety production defenses and consolidate the foundation of intrinsic safety, steadily promoting the level of healthy, sustainable and high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Advantage in Resource Superiority

The Company has been upholding the concept of “resource first, efficiency focused, innovation centered” in an unswerving manner, continuously expanding its resource reserves, upgrading the quality of its resources, enhancing its core competitiveness and strengthening its resource advantages. The Company carried out the exploration of self-owned mining rights and the acquisition of resources in parallel, gave full play to the main role of mining enterprises through finding mines by mines and focusing on the periphery and the deep part of the mines, conducted in-depth research on the metallogenic rules, and increased the investment in exploration, so as to provide strong impetus and resource support for the sustainable development of the mines. The Company continued to accelerate the exploration progress of greenfield projects, innovated exploration techniques, applied new technologies and new methods, studied and summarized mineralization theories, striving to make breakthroughs in prospecting. In the first half of 2024, the acquisition of 70% equity of Baotou Changtai Mining Co., Ltd. (包頭市昶泰礦業有限責任公司) (“**Baotou Changtai Mining**”), the completion of the acquisition of the exploration right of Xiling Gold Mine and the integration of the mining right of Sanshandao Gold Mine, have substantially increased the Company’s resource reserves, effectively extended the service life of the mines, and continuously promoted the Company’s high-quality development.

### Advantage in the Company’s Scale

The Company is mainly engaged in the development and utilization of gold mineral resources, and has always been in a leading position in the domestic mining industry in terms of equipment level and degree of mechanization of mines. The construction of an “international first-class exemplary mine” at Sanshandao Gold Mine has led the pace of mechanization, automation and intelligent construction of large and medium-sized mines of the Company. The Company vigorously promotes smart mining systems, and its owned mines have completed the construction, application and promotion of 105 intelligent typical application scenarios, including AI smart ore drawing systems, underground rock crusher remote control systems, electric locomotive unmanned driving systems, and 5G+AI smart air-ground collaborative drone application systems, gradually improving the level of mechanization, automation and intelligence. The mechanization rate of mining operations of several enterprises, such as Xincheng Gold Mine and Jiaojia Gold Mine, has reached over 50% and the automation control rate of auxiliary production systems in mines has reached 80%. Jiaojia Gold Mine, Sanshandao Gold Mine and Xincheng Gold Mine have been on the list of “China Top Ten Gold Mines in terms of Production Output” for several consecutive years, making the Company the only company which owns four mine enterprises in China, each with cumulative gold production exceeding 100 tonnes. Shandong Gold Smelting Co., Ltd. has enjoyed a leading position among the national top ten smelting and refining enterprises for many years.

### Advantage in Scientific and Technological Innovation

The Company actively tackled key technological innovation and research work, and set up relevant key topics around six directions: deep geological exploration, deep shaft construction, tailings reduction and resource utilization, refractory smelting technology research, paste filling demonstration and smart support systems. The Company organized and arranged corresponding scientific research forces and pilot application mines, and established a scheduling, supervision and coordination mechanism, so that all research projects were carried out smoothly. Among them, Sanshandao Gold Mine took the lead in a deep shaft construction project jointly tackled by five scientific research units and successfully dug to the elevation of -1,590 meters, setting a record for the deepest shaft in Asia. “Ten years of sharpening a sword, one day to test the edge”, in 2024, the Company made a huge breakthrough in the award of scientific and technological achievements. The “Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines” whose declaration participated by the Company as the main completion unit won the second prize of the National Science and Technology Progress Award. At the same time, the “Research and Demonstration Project on Key Technologies and Equipment for Intelligent, Safe and Efficient Mining of Deep Earth Resources”, as a representative of the outstanding scientific and technological achievements of provincial enterprises, was successfully selected into the “Top Ten Scientific and Technological Achievements” of Shandong provincial enterprises. This project has broken through a number of key technologies of smart and safe mining of deep resources, which comprehensively increased the level of deep resources mining and safety assurance capabilities, and made outstanding contributions to the transformation and development of China’s mining industry field in the direction of intelligent, smart and unmanned operation.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Talent Advantage

The Company has firmly established the candidate selection and appointment direction of “morality first, equal stress on integrity and ability, emphasis on actual performance and public recognition”, actively improved the talent environment, and promoted the building of three talent teams in “management, technology and skill”. The Company pays close attention to the comprehensive cultivation of talents, innovates the talent development mechanism, focuses on the annual goal of “digital intelligence empowerment, simultaneous improvement of quality and efficiency”, so as to provide talent support for the development of new productive forces. The Company highlights the key points of introduction and cultivation and optimizes the talent work echelon. The Company carried out special research on the cadre team, formulated a plan to improve the staffing of young cadres, with the proportion of young cadres continuing to increase. The Company consistently integrated external introduction and internal cultivation, introduced nine high-level full-time young talents, and newly had five people to be selected in provincial and municipal talent projects. It consolidates professional and technical strength and forms a talent hierarchy in which basic technical personnel, core technical personnel and high-level scientific researchers support each other. The Company deepened the four-chain integration mechanism, launched the National Mechanical, Metallurgical and Building Materials Industry Craftsman College (全國機械冶金建材行業工匠學院) and the Shandong Metallurgical Craftsman College (山東冶金工匠學院), established a self evaluation system for skilled talents in unique types of gold mining industry, unblocked the growth channels for skilled talents, and continuously expanded the team of industrial workers. In the first half of 2024, the Company’s three employees were newly awarded the title of “Qilu’s Chief Technician” and two employees were awarded the title of “Shandong Province Technical Expert”.

### Brand Advantage

Based in China, the Company optimized and expanded its principal gold business with an international vision. The Company was included into the Sample Shares of the Shanghai Stock Exchange 50 Index, the Shanghai Stock Exchange 180 Index, as well as the Sample Shares of three major international indices, namely the MSCI Indices, FTSE Russell and S&P Dow Jones Indices for multiple times. In the first half of 2024, the Company won many awards including the 2023 Best ESG Practice Award for Listed Companies and the Best Practice in Investor Relations Management. The Company collaborated in promoting carbon reduction, pollution reduction, green expansion and growth in accordance with the requirements of the Party Central Committee, the State Council, the provincial party committee and the provincial government on the arrangement and deployment of collaboratively promoting ecological environment protection and green and low-carbon development. The Company further promoted prevention and control of environmental pollution, accelerated the progress of key environmental protection facilities construction projects, and strengthened special inspections and supervision of environmental protection in key areas, effectively improving the corporate’s environmental risk prevention capabilities. The Company continued to enhance and improve the construction of green mines, so as to improve the brand image of “Ecological Shandong Gold”.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

In the first half of 2024, the Company fully implemented the decisions and arrangements of the Party Central Committee and the State Council, firmly shouldering the responsibility of “stabilizing growth and making contributions”, and anchoring the annual goal of “digital intelligence empowerment, simultaneous improvement of quality and efficiency”. The Company put pressure on itself and took on the responsibilities bravely, focusing its efforts on development, and successfully completed the half-year target task, and continued to consolidate the upward and positive development trend.

### I. Major operations of the Company

In the first half of 2024, the Company had the gold mine production volume of 24.52 tonnes, representing a year-on-year increase of 4.95 tonnes or 25.28%. As at 30 June 2024, the Company's total assets were approximately RMB153,045 million, representing an increase of approximately RMB18,026 million or approximately 13.35% over the beginning of the period. The Company's total liabilities were approximately RMB99,134 million, representing an increase of approximately RMB17,412 million or approximately 21.31% over the beginning of the period. The debt-to-asset ratio was approximately 64.77%, representing an increase of approximately 4.24 percentage points over the beginning of the period; the Company's total equity was approximately RMB53,911 million, representing an increase of approximately RMB614 million or approximately 1.15% over the beginning of the period. During the Reporting Period, the Company achieved revenue of approximately RMB45,773 million, representing a year-on-year increase of approximately RMB18,349 million or 66.90%; achieved profit before tax of approximately RMB2,773 million, representing a year-on-year increase of approximately RMB1,445 million. The profit attributable to owners of the Company during the period was approximately RMB1,357 million, representing a year-on-year increase of approximately RMB502 million; weighted average return on net assets was approximately 4.9%, representing a year-on-year increase of approximately 2.15 percentage points; basic earnings per Share was RMB0.26, representing a year-on-year increase of RMB0.12 per Share.

### II. Main work carried out by the Company

- (I) **Adhere to high positioning, tap into potential and make more contributions.** The Company determines the annual budget with high standards, subdivides and decomposes indicators based on one policy for one enterprise, and consolidates responsibilities at all levels. It improves management mechanisms such as dynamic monitoring of budget execution, early warning constraints, and assessment incentives to encourage enterprises to speed up and compete for the first place. The Company continues to optimize and adjust key work special teams, and has held twelve key work promotion meetings and special work meetings. It adheres to problem orientation, goal orientation, and result orientation, and implements precise policies to break bottlenecks, make up for shortcomings, activate capabilities and increase effectiveness.
- (II) **Keep your eyes inward and strengthen management to improve quality and enhance efficiency.** The Company has made great efforts to manage production technology, carried out comprehensive top-down optimization of the production system, fully promoted the life cycle management system of equipment, and achieved integrated and standardized management of equipment in mining and metallurgical enterprises, increasing equipment utilization to over 95%. The Company further promoted “all employees, all positions, all factors, and the whole process” to reduce costs and enhance efficiency. The Company continued to carry out centralized procurement to reduce its procurement costs. The Company continued to optimize the financing structure, reduce comprehensive financing costs. The Company paid close attention to the changes in the market situation and comprehensively improved its gold price research and judgment capabilities. The sales price of self-produced gold was higher than the average price of Shanghai Gold Exchange for the same period. The Company strengthened audit supervision, completed economic responsibility audits and continuously improved the effectiveness of audit supervision with “investigating hidden dangers, plugging loopholes, preventing risks, strengthening management and promoting development” as the core.

## MANAGEMENT DISCUSSION AND ANALYSIS

**(III) Adhere to key tasks and make precise efforts to consolidate support.** The Company continued to increase its efforts to increase resource reserves, and invested a total of RMB310 million in exploration expenses in the first half of 2024, completing 330,000 meters of exploration projects, and increasing 21.9 tonnes of gold metal in exploration. The Company completed the acquisition of 70% of the equity interests of Baotou Changtai Mining, achieving an increase of more than 16 tonnes of gold metal in the merger as well as an addition of a mature mine in production. The exploration right of Xiling Gold Mine were successfully injected into the Company and integrated with the mining rights of Sanshandao Gold Mine. The Company continued to accelerate the progress of project construction, in the first half of the year, a total of 452,600 cubic meters of engineering work was completed. Among them, the shaft construction of the auxiliary shaft project of Sanshandao Gold Mine exceeded the elevation of -1,590 meters, setting a new record for the deepest shaft in Asia; the main shaft project in the southern area of Jiaojia Gold Mine was completed, and the main shaft in the mining area I of Xincheng Gold Mine was put into use as planned. The auxiliary shaft project of 2,000 tonnes/day processing capacity expansion and transformation project of Chifengchai Mine was completed ahead of schedule, and the construction of key projects such as the concentrator and tailings pond of Cardinal project in Ghana exceeded the scheduled progress. The Company continued to speed up the process of applying for licenses, and obtained a number of licenses and related approvals in the first half of the year. Among them, the Sanshandao Gold Mine obtained a post-integration mining license of 15,000 tonnes per day, and the deep boundary and capacity expansion project of Jinchang division in Yinan Gold Mine obtained a mining license.

**(IV) Adhere to reform and innovation, stimulate vitality and enhance momentum.** The Company focuses on improving core competitiveness and enhancing core functions, and implements the in-depth actions to deepen the reform and enhancement of the state-owned enterprises. The Company vigorously promotes scientific and technological innovation and accelerates the development of new quality productivity. In the first half of 2024, the Company invested RMB258 million in technological research and development expenses, representing a year-on-year increase of 56.5%. The Company applied for 26 invention patents, with one enterprise approved as a provincial-level enterprise R&D center, and two enterprises approved as provincial “specialized and new” small and medium-sized enterprises. The achievement of “Key Technologies and Equipment for Intelligent Mining of Underground Metal Mines” won the second prize of the National Science and Technology Progress Award, and the “Research and Demonstration Project of Key Technologies and Equipment for Intelligent, Safe and Efficient Mining of Deep Resources” was selected as the “Top Ten Scientific and Technological Achievements” of Shandong Provincial Enterprises. The Company accelerated the construction of “mechanization, automation, informatization and intelligence”, and anchored the annual work goal of “digital intelligence empowerment, simultaneous improvement of quality and efficiency”. Starting from the year of optimization and tackling of production systems, the Company focused on three major lines of building intelligent mining areas, creating intelligent benchmark enterprises and promoting typical scenarios. The Company promoted the implementation of two intelligent mining areas, five benchmark enterprises and multiple typical scenarios, realized its intelligent transformation and speeding up, so as to cultivate new quality productive forces by promoting transformation with intelligence. Unified construction projects such as “digital supply chain”, investment project management system, and audit digital management platform were advanced in an orderly manner. Sanshandao Gold Mine was selected into the list of digital transformation pilot enterprises of the State-owned Assets Supervision and Administration Commission of the State Council.

## MANAGEMENT DISCUSSION AND ANALYSIS

**(V) Adhere to bottom-line thinking and effectively prevent and address risks.** The Company focused on safety production and invested RMB381 million in special safety expenses in the first half of 2024. It carried out a three-year campaign to tackle the root causes of safety production and continued to consolidate the work achievement that “top slope full support for mining is a normal process of mining operations”. Practical safety trainings were organized and safety production inspections were carried out during critical and sensitive periods to identify and rectify hidden risks in a timely manner and effectively prevent accidents. The Company united efforts on ecological and environmental protection to invest RMB70.1592 million in environmental protection in the first half of the year, and carried out special supervision and inspection and “follow-up” of provincial environmental protection inspection and feedback issues. The Company has actively carried out greening and geological environment restoration and treatment and a number of construction projects have obtained environmental impact assessment approval or environmental protection completion acceptance, continuing to consolidate the results of green mine construction.

**(VI) Adhere to the leadership of party building and pool strength to promote development.** The Company carried out party discipline study and education in a solid manner, organized party discipline study and education classes and party style and clean government construction warning education meetings, and promoted party discipline study and education to be in-depth and practical. The Company solidly carried out the building of high-level talents, cadre team as well as industrial worker team. It has selected 20 cadres to serve important positions in external units for practical training and openly recruited nine high-level young talents, of them one employee was awarded the title of “Good Secretary with Accountability” by the Organization Department of the Provincial Party Committee, and three employees were awarded the National May 1st Labor Medal, the Shandong Provincial May 1st Labor Medal, the “Most Beautiful Employee” in the national mechanical, metallurgical and building materials industry, respectively. The Company deeply promoted comprehensive and strict governance of the party, building a “big supervision” system and employing the “full cycle management” method to advance the “three integrities” initiative, and continued to create a clean and upright political environment. The Company continuously carried out the work of rescuing employees in need, visiting and expressing condolences, and recuperating for employees. A total of more than 1,000 front-line employees were visited, 1,031 employees in need were helped, and the amount of consolation goods and relief funds as distributed was RMB3.606 million and RMB4.9343 million, respectively. The Company held a series of activities such as the “Chinese Dream · Beauty of Labor” lectures by model workers and craftsmen, the “Scholarly Shandong Gold, Beneficial Reading (書香山金益企悅讀)” reading festival, employee basketball games, and industrial workers’ vocational skills competitions, which greatly enhanced the Company’s cohesion, centripetal force and spiritual force.

### III. Miscellaneous

The construction of safety facilities adjustment project in the production system of Linglong Gold Mine in the Linglong mining area has been completed and is ready to enter the trial production stage. The Company will actively promote the acquisition of safety production licenses of the Linglong mining area.

As the core mining area of Laizhou gold production base, Jiaojia Gold Mine has currently completed the integration of various mineral rights and successfully obtained a mining license of 6.6 million tonnes per year. Jiaojia Gold Mine has entered the construction cycle of expanded reproduction projects starting from 2024, during which the scale of capacity will be appropriately adjusted to accelerate the construction of a world-class gold production base, which is expected to have a certain impact on the Company’s current production and operation indicators.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the Reporting Period, the Group's:

- **revenue** increased by approximately 66.90% to approximately RMB45,773.50 million from approximately RMB27,424.9 million for the same period of 2023, which was mainly due to the increase in sales prices of self-produced gold, externally purchased gold and externally procured alloy gold and the acquisition of Shanjin International during the period.
- **cost of sales** increased by approximately 66.69% to approximately RMB40,107.71 million from approximately RMB24,061.7 million for the same period of 2023, which was mainly due to the increase in the costs of self-produced gold, externally purchased gold and externally procured alloy gold and the acquisition of Shanjin International during the period.
- **gross profit** increased by approximately 68.47% to approximately RMB5,665.78 million from approximately RMB3,363.1 million for the same period of 2023, which was mainly due to the increase in gross profit of self-produced gold business during the period.
- **selling expenses** increased by approximately 40.65% to approximately RMB83.11 million from approximately RMB59.1 million for the same period of 2023, which was mainly due to the increase in sales commissions and the acquisition of Shanjin International during the period.
- **research and development expenses** increased by approximately 56.54% to approximately RMB258.2 million from approximately RMB164.9 million for the same period in 2023, which was mainly due to the increase in research and development investment by subsidiaries during the period.
- **other gains and losses, net** increased to a loss of approximately RMB337.13 million from a loss of approximately RMB71.9 million for the same period of 2023, which was mainly due to the loss on financial products.
- **finance costs** increased by approximately 31.16% to approximately RMB921.16 million from approximately RMB702.3 million for the same period of 2023, which was mainly due to the expansion of financing scale during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry. The Group requires liquidity for expansion of its mining and processing businesses, exploration activities and acquisition of exploration and mining permits. Major sources of capital of the Group are, including but are not limited to, cash generated from operating activities, bank financing, bonds issued or to be issued, and private placement of share capital. The liquidity of the Group depends, to a large extent, on the cash generated from its operating activities, its ability to repay debts as and when the debts fall due, and its requirements for future operating and capital expenditure.

As at 30 June 2024, the reserves of the Group amounted to approximately RMB18,977.07 million and short-term borrowings amounted to approximately RMB33,907.77 million. The bank balances and cash and restricted bank deposits of the Group as at 30 June 2024 were in an aggregate of approximately RMB9,600.84 million. Based on the following considering factors, the Directors were of the opinion that the Group will be able to have sufficient working capital to provide capital sources for future needs of financing and working capital: (a) the Group is expected to remain profitable, and thus will continue to generate operating cash flows from future business operations; and (b) the Group has been maintaining long-term business relationship with its principal bankers.

In the opinions of the Directors, the Company has sufficient cash flows for the operation of the Group for the next twelve months, including its planned capital expenditure and current debt repayment. The borrowings of the Group include short term borrowings due to related parties in an aggregate amount of approximately RMB2,006.10 million from SDG Group Finance at an interest rate ranging from 2.2% to 2.8% per annum. The Company has issued corporate bonds, and please refer to “Information of Corporate Bonds” below for details.

Meanwhile, the Group had arrangements of bank borrowings of approximately RMB56,968.01 million (including gold leases of approximately RMB12,469.52 million) through a number of banks in the PRC with interest rates ranging from 2.06% to 6.54% per annum.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INFORMATION OF CORPORATE BONDS

### Overview of corporate bonds

Unit: RMB'00,000,000

Name of Bonds	Abbreviation	Code	Date of Issuance	Date of Initial Interest Accrued	The Latest Putback Date After 31 August 2024	Date of Maturity	Outstanding Balance of Bonds	Coupon Rate and Interest (%)	Payment of Principal and Interest	Place of Trading	Lead Underwriter	Trustee	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
The 2024 Public Issuance of Technology Innovation Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) (Type 1)	24 Lujin K1	240785	2024/03/25	2024/03/27	/	2029/03/27	20.00	2.80	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd.	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) (See Note 2 to 058)	Lujin KY02	240334	2023/11/23	2023/11/27	/	2026/11/27	20.00	3.22	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd.	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No
The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) (See Note 2 to 058)	Lujin KY01	240265	2023/11/15	2023/11/17	/	2026/11/17	20.00	3.19	Interest to be paid annually, principal to be repaid at maturity	Shanghai Stock Exchange	GF Securities Co., Ltd., Zhongtai Securities Co., Ltd., China International Capital Corporation Limited	GF Securities Co., Ltd.	Professional institutional investors	Match transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction	No

Note 1: The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the Second Tranche) takes every three interest-bearing years as one cycle, and at the end of each cycle, the Company has the right to choose to extend the bond term by one cycle (i.e. extend three years), or choose to settle the bond in full when it matures at the end of the cycle.

Note 2: The 2023 Public Issuance of Technology Innovation Renewable Corporate Bonds to Professional Investors by Shandong Gold Mining Co., Ltd. (the First Tranche) takes every three interest-bearing years as one cycle, and at the end of each cycle, the Company has the right to choose to extend the bond term by one cycle (i.e. extend three years), or choose to settle the bond in full when it matures at the end of the cycle.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Change, variation and implementation of guarantees, debt repayment plans and other debt repayment safeguards during the Reporting Period and their impact

Current status	Execution	Whether there is any change	Status upon change	Reason for the change	Whether the change has been approved by the competent authority	Impact of the change on the rights and interests of bond investors
"Lujin KY01" (See Note 1 for details)	Normal	No	N/A	N/A	No	N/A
"Lujin KY02" (See Note 2 for details)	Normal	No	N/A	N/A	No	N/A
"24 Lujin K1"	Normal	No	N/A	N/A	No	N/A

#### Other explanations

Note 1: "Lujin KY01" is not guaranteed. Each repricing term of the Bonds shall be 3 interest accruing years. At the end of each repricing term, the issuer is entitled to renew the Bonds for an additional term (i.e. 3 years), or repay and redeem the Bonds in full as they fall due at the end of the term. There is no limit on the number of times the issuer's renewal option can be exercised. The Bonds have an issuer option to defer interest payments, unless mandatory interest payments events have been triggered, at each interest payment date of the Bonds, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments or accreted interest thereon in accordance with this clause, to the next payment date, without being subject to any limitation with respect to the number of deferrals. If in a certain renewal option exercise year of the Bonds, the issuer chooses to repay and redeem the Bonds in full, the interest payment date in that interest accrual year shall be the redemption date of the Bonds.

Note 2: "Lujin KY02" is not guaranteed. Each repricing term of the Bonds shall be 3 interest accruing years. At the end of each repricing term, the issuer is entitled to renew the Bonds for an additional term (i.e. 3 years), or repay and redeem the Bonds in full as they fall due at the end of the term. There is no limit on the number of times the issuer's renewal option can be exercised. The Bonds have an issuer option to defer interest payments, unless mandatory interest payments events have been triggered, at each interest payment date of the Bonds, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments or accreted interest thereon in accordance with this clause, to the next payment date, without being subject to any limitation with respect to the number of deferrals. If in a certain renewal option exercise year of the Bonds, the issuer chooses to repay and redeem the Bonds in full, the interest payment date in that interest accrual year shall be the redemption date of the Bonds.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Debt Financing Instruments of Non-Financial Enterprises in the Interbank Bond Market

#### Basic Information on Debt Financing Instruments of Non-Financial Enterprises

Unit: RMB'00,000,000

Name of Bonds	Abbreviation	Code	Date of			Outstanding Balance of Bonds	Coupon Rate (%)	Payment of Principal and Interest	Place of Trading	Appropriate Arrangement of Investors (if any)	Mechanism of Trading	Whether There is a Risk of Termination of the Listing Transaction
			Date of Issuance	Interest Accrued	Date of Maturity							
The 2024 First Tranche of Ultrashort-term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	24 Lujin SCP001	012480461.IB	1 February 2024	2 February 2024	25 October 2024	7.00	2.24	Principal and interest to be repaid at maturity	Inter-bank	Institutional investors in the national interbank bond market	Circulation and transfer in the national interbank bond market	No
The 2024 Second Tranche of Ultrashort-term Financing Bonds of Shandong Gold Mining Co., Ltd. (Technology Innovation Instrument)	24 Lujin SCP002	012480606.IB	26 February 2024	27 February 2024	22 November 2024	10.00	2.06	Principal and interest to be repaid at maturity	Inter-bank	Institutional investors in the national interbank bond market	Circulation and transfer in the national interbank bond market	No

### CASH FLOWS

The Group's bank balances and cash decreased from approximately RMB8,352.90 million as at 31 December 2023 to approximately RMB7,984.99 million as at 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ASSETS AND LIABILITIES

As at 30 June 2024, the Group's:

- **intangible assets** increased by approximately 32.46% to approximately RMB43,696.81 million from approximately RMB32,988.31 million as at 31 December 2023, which was mainly due to the additional purchase of the exploration right of Xiling Gold Mine during the period.
- **borrowings** increased by approximately 15.31% to approximately RMB58,974.11 million from approximately RMB51,143.97 million as at 31 December 2023, which was mainly due to the increase in investment and financing scale during the period.
- **financial liabilities at fair value through profit or loss** increased by approximately 67.44% to approximately RMB1,341.83 million from approximately RMB801.36 million as at 31 December 2023, which was mainly due to the increase in the financing through gold leasing of the subsidiaries during the period.
- **trade and other payables** increased by approximately 43.29% to approximately RMB28,624.87 million from approximately RMB19,976.44 million as at 31 December 2023, which was mainly due to the increase in payables of the Company for purchase of the exploration right of Xiling Gold Mine during the period.

### Financial assets measured at fair value

Unit: RMB0'000

Asset class	Opening balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Purchase amount of the current period	Amount sold/ redeemed in current period	Other changes	Closing balance
Stocks	475,759.73	(25.21)	-	-	-	-	-	475,734.52
Trust products	48,037.4	2,035.15	-	-	18,000	0.55	-	68,072
Private equity	180,913.28	(370.75)	-	-	5,099.88	9,989.33	-	175,653.08
Futures	25,777.52	(1,036.92)	-	-	55,882.61	63,080.51	1,841.9	19,384.6
Derivatives	(145.52)	(17,187.1)	-	-	664.11	386.34	17,121.92	67.06
Receivables financing	716.75	-	-	-	-	-	(171.41)	545.35
Others	172,054.33	6,257.21	-	-	866,191.29	695,755.49	-	348,747.33
Total	903,113.49	(10,327.64)	-	-	945,837.89	769,212.22	18,792.41	1,088,203.94

Note: Other categories of financial assets are mainly the entrusted wealth management products held by SDG Capital Management, a wholly-owned subsidiary of the Company, and its subsidiaries, and Shanjin International, a holding subsidiary of the Company, and its subsidiaries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investment in securities

Unit: RMB0'000

Types of securities	Stock code	Abbreviation of securities	Initial investment		Opening carrying amount	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Purchase amount of the current period	Amount sold in the current period	Investment profit and loss in the current period	Closing carrying amount	Accounting items
			cost	Source of funds								
Stock	601899	Zijin Mining	5,000.00	Self-owned funds	33,225.63	5,836.46	-	-	12,788.66	6,819.33	26,273.43	Financial assets held for trading
Stock	600022	Shandong Iron and Steel	5,000.00	Self-owned funds	246.69	(25.21)	-	-	-	-	221.48	Financial assets held for trading
Funds	/	/	3,100.00	Self-owned funds	14,402.82	9.27	-	4,900.00	-	-	19,312.10	Financial assets held for trading
Others	/	/	500.00	Self-owned funds	5,340.52	(515.52)	-	-	-	-	4,825.00	Financial assets held for trading
Total	/	/	13,600.00	/	53,215.67	5,305.00	-	4,900.00	12,788.66	6,819.33	50,632.01	/

### Description of securities investment

Shanjin Jinquan (Shanghai) Private Equity Fund Management Co., Ltd. (山金金泉(上海)私募基金管理有限公司) (“**Jinquan Private Equity Fund**”), a wholly-owned subsidiary of SDG Capital Management, is a private equity fund manager registered with the Asset Management Association of China. Shanjin Futures Co., Ltd. (山金期貨有限公司) (“**Shanjin Futures**”) is a securities and futures operating institution established with the approval of the futures regulatory authority of the State Council, an asset management plan manager registered with the China Futures Association, and has the qualification of investment consultant. Jinquan Private Equity Fund and Shanjin Futures can invest and manage assets by setting up private equity funds and asset management plans.

The securities investment projects under the fund category are Jinyuan No. 1 Private Securities Investment Fund of Jinquan Shanjin (金泉山金金源一號私募證券投資基金) and Jinyuan No. 2 Private Securities Investment Fund of Jinquan Shanjin (金泉山金金源二號私募證券投資基金) independently managed by Jinquan Private Equity Fund. The securities investment project in other categories is the Antai No. 5 Single Asset Management Plan of Caitong Fund (財通基金安泰5號單一資產管理計劃), which is 100% held by Jinquan Private Equity Fund, and has the right to make investment decisions and is consolidated.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investment in private equity fund

SDG Capital Management is a private equity and venture capital fund manager registered with the Asset Management Association of China, and Jinqun Private Equity Fund is a private equity fund manager registered with the Asset Management Association of China, which can invest and manage assets through the establishment of private equity funds. As of the end of the Reporting Period, the balance of investment in self-managed consolidated private equity funds of which SDG Capital Management and its wholly-owned subsidiaries, namely Jinqun Private Equity Fund, Shanjin Futures and Jinqun Investment Management Company (金泉投资管理公司), acted as managers with an investment proportion exceeding 30% or non-managers with an investment proportion reaching 100%, amounted to RMB1.618 billion.

### Investment in derivatives

During the Reporting Period, the Company had derivative investments for hedging purposes:

Unit: RMB0'000

Types of derivative investments	Initial investment amount	Opening carrying amount	Gains and losses from changes in fair value in		Cumulative changes in fair value included in equity	Purchase amount during the Reporting Period	Amount sold during the Reporting Period	Closing carrying amount
			the current period	period				
Futures	-	23,837.45	804.98	-	-	53,100.15	59,830.47	17,107.12
Forwards	-	413.89	(65.19)	-	-	598.92	385.64	627.18
Options	-	(633.43)	-	-	-	11,619.87	9,846.38	1,140.05
Embedded derivatives	-	-	(1,162.45)	-	-	-	-	1,162.45
Total <sup>Note</sup>	-	23,617.91	(422.66)	-	-	65,318.94	70,062.49	17,711.90

An explanation on the accounting policies and specific accounting principles for the hedging business during the Reporting Period, as well as whether there have been any significant changes as compared with the previous reporting period

In accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments, the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement and other relevant regulations and guidelines issued by the Ministry of Finance, the Company has carried out corresponding accounting treatment for derivative investments, which are reflected in the relevant items of the balance sheet and the statement of profit or loss. The Company did not meet the applicable conditions of the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, and had not applied hedge accounting for the time being. During the Reporting Period, there was no significant change in the accounting policies and specific accounting principles of hedging business as compared with the previous reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on actual profit and loss during the Reporting Period In order to avoid the impact of price and exchange rate fluctuations on production and operation and ensure the continuity and stability of operating results, the Company and its subsidiaries carried out hedging business related to the main business within the limits considered by the Board and general meeting. There was no loss after hedging the profits and losses of both derivatives and spot goods, which realized the purpose of hedging and reduced the risk of price fluctuation.

Description of hedging effect During the Reporting Period, in order to avoid the impact of price and exchange rate fluctuations on production and operation and ensure the continuity and stability of the Company's operating results, the Company and its subsidiaries (excluding Shanjin International) carried out derivative investment business for the purpose of hedging within the limits considered by the Board and the general meeting: the margin and credit of financial institutions occupied by the Company and its subsidiaries for self-produced gold futures and derivatives trading business did not exceed the authorization limit of RMB0.3 billion or its equivalent value in other currencies as considered and approved, and the maximum contract value did not exceed the authorization limit of RMB2.1 billion or its equivalent value in other currencies as considered and approved; the margin and credit of financial institutions occupied by the Company and its subsidiaries for other futures and derivatives trading businesses did not exceed the authorization limit of RMB0.6 billion or its equivalent value in other currencies as considered and approved, and the maximum contract value did not exceed the authorization limit of RMB3.6 billion or its equivalent value in other currencies as considered and approved; the maximum contract value of the gold leasing and hedging business carried out by the Company and its subsidiaries did not exceed the authorization limit of RMB17.42 billion or its equivalent value in other currencies as considered and approved.

During the Reporting Period, subject to the compliance of national policies and regulations, Shanjin International, a holding subsidiary of the Company, carried out derivatives trading business to avoid the impact and risks arising from price and exchange rate fluctuations on the Company's production and operation and ensure the continuity and stability of the Company's operating performance, so as to further enhance the Company's production and operation level and risk resistance capability. The maximum contract value held on any trading day of the derivatives trading business did not exceed RMB7 billion or its equivalent value in other currencies as considered and approved, and the amount of trading margin used did not exceed RMB1 billion or its equivalent value in other currencies as considered and approved at any point in time.

Derivatives investment business, for which the Company and its subsidiaries are engaged in hedging business, is linked to products and foreign exchange related to the Company's production and operation, which has effectively hedged the risks of commodity prices and exchange rate fluctuations, achieved the expected risk management objectives, and further enhanced the Company's production and operation level and risk resistance capability.

## MANAGEMENT DISCUSSION AND ANALYSIS

Source of funds for investment in derivatives      Self-owned funds

Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

(I) Risk analysis: In the process of conducting derivative investment business, the Company and its subsidiaries always aim to reduce exposure risk and places risk control in the first place in accordance with the principles of legality, prudence, safety and effectiveness. However, because of the leverage used in derivative investment business, the possibility of manipulation and the impossibility of an accurate forecast of fluctuations in prices, there may still be some risks in the course of business: 1. Market risks: Due to changes of fundamentals, there may be wide fluctuations in the prices of financial derivatives and even deviations between futures prices and spot prices. As a result, hedge may be less effective or ineffective, and the risk of losses may arise. 2. Operational risks: Trading is highly professional and complex. An incomplete internal control mechanism or operating mistakes may cause risks. 3. Liquidity risks: The risk of impossibility of completing transactions due to insufficient market liquidity. 4. Fund risks: Due to insufficient margin, positions may be subject to forced liquidation, resulting in actual losses. 5. Technical risks: Due to software or hardware failures or other failures, the trading system may malfunction, resulting in delays, interruptions or data errors of trading instructions. Changes of trading rules that are not conducive to the Company and its subsidiaries due to force majeure may cause relevant risks. 6. Other risks: Relevant businesses, especially overseas derivative businesses, may be affected by factors such as global politics, wars, the economy and changes of laws, or they may face risks due to the lack of liquidity of over-the-counter products, counterparty defaults, etc.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (II) Risk control measures: 1. The Company strictly manages authorization, and the scale of derivative investment business shall be subject to the consideration and approval of the Company's Board of Directors and general meeting. Trading beyond limits is not allowed unless it gets approval. 2. The Company strengthens the establishment of internal control system, and has formulated management systems such as "Self-produced Gold Hedging Management Measures of Shandong Gold Mining Co., Ltd." and "Bulk Trade Hedging Management Measures of Shandong Gold Mining Co., Ltd.", which clarify the responsibilities of relevant departments, business consideration and approval procedures, operation and implementation, risk management requirements, and supervision and inspection etc.. 3. The Company continuously optimizes the transaction information management and control platform, which can realize online monitoring and early warning functions, keep on tracking the price changes of financial derivatives and the balances of trading limits, and the changes in the risk exposure of derivative investment business, etc., effectively managing various risks that may exist in the development of derivative investment business. 4. The Company has a professional trading center, strictly implements the principle of incompatibility of the front, middle and back office responsibilities and personnel, and is equipped with professional clearing risk control personnel to balance, allocate and transfer available funds in accounts in a timely manner according to the degree of risk of the accounts to prevent fund risk of the accounts; a risk reporting system has been established to regularly report to the Company's management, promptly report abnormal situations, warn the management of risks and activate corresponding risk warning mechanisms based on specific situations. 5. The Company regularly selects some branches, subsidiaries or businesses for special inspections, focusing on business compliance, whether there are illegal operations such as over-variety, over-scale, over-term and over-authorization, and establishes a sound audit supervision system for derivative investment business. 6. The Company trades futures and derivatives on the Shanghai Gold Exchange, the Shanghai Futures Exchange, the Chicago Mercantile Exchange and other legitimate exchanges. The counterparties who selected for over-the-counter derivatives trading are large legitimate and qualified commercial banks, investment banks and other financial institutions, avoiding credit risks related to trading.

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value

The Company recognized the gains and losses of derivative investments during the Reporting Period, and its fair value as at the end of the Reporting Period is determined based on the market price of the exchange.

Note: Embedded derivatives are derivative financial liabilities. The total closing book value of derivative investments is the closing book value of futures + the closing book value of forwards + the closing book value of options – the closing book value of embedded derivatives.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GEARING RATIO

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As of 30 June 2024, the Group's consolidated total debt was approximately RMB60,470.41 million (approximately RMB52,101.59 million as of 31 December 2023), and the Group's consolidated total equity was approximately RMB53,911.28 million (approximately RMB53,297.71 million as of 31 December 2023). As of 30 June 2024, the Group's gearing ratio was approximately 112.17% (31 December 2023: approximately 97.76%).

### Restrictions on main assets as of the end of the Reporting Period

Unit: RMB

Item	Carrying amount as of the end of the period	Reasons for restrictions
Monetary funds	351,856,022.66	Security deposits for land reclamation and environmental governance
Monetary funds	1,193,507,701.88	Security deposits for notes
Monetary funds	8,908,670.98	Reserves for gold trading
Monetary funds	18,310,471.44	Security deposits for futures
Monetary funds	38,517,669.46	Security deposits for letters of credit
Monetary funds	1,796,400.00	Fund frozen by court
Monetary funds	2,952,500.00	Others
Inventories	120,004,082.68	Pledge for financing
Other non-current assets	1,329,800.00	Advanced security deposit for exploration rights, the balance of which will be frozen and supervised according to a three-party supervision agreement signed by Jincheng Shengxin, Team 602 of Jilin Provincial Non-ferrous Metal Geological Exploration Bureau and its account bank
Total	1,737,183,319.10	–

### CAPITAL EXPENDITURE

The capital expenditure of the Group mainly relates to the acquisition of mining and exploration permits, property, plant and equipment, land use right and intangible assets, and investment properties. As of 30 June 2024, in the contracted but not incurred capital expenditure of the Group, the total amount for the acquisition of mining and exploration permits, property, plant and equipment was approximately RMB1,295.42 million (as of 30 June 2023: approximately RMB948.6 million).



## MANAGEMENT DISCUSSION AND ANALYSIS

### MAJOR INVESTMENT, MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this interim report, for the six months ended 30 June 2024, the Group had no major investments nor major acquisitions or disposals of subsidiaries, associates and joint ventures.

The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. We are confident in the future and committed to bolstering the continuous growth of the Group.

### PLEDGE OF ASSETS

As of 30 June 2024, the Group did not have any other material pledge of assets, save as the pledges disclosed in this interim report.

### INTERIM DIVIDEND

The Board recommended the payment of an interim dividend of RMB0.80 per 10 Shares (tax inclusive) for the six months ended 30 June 2024 to the Shareholders (30 June 2023: Nil).

It is proposed to distribute a total cash dividend of RMB357,874,362.00 (tax inclusive) based on the total share capital of 4,473,429,525 Shares as at 28 August 2024. The amount of the Company's half-year cash dividend for 2024 accounts for 30.92% of the then net profit attributable to ordinary shareholders of the listed company. If the total share capital of the Company changes before the record date for implementation of the profit distribution, it is planned to remain the total amount of dividends unchanged, adjust the amount of distribution per Share accordingly, and the details of adjustments will be further announced.

The above profit distribution plan has been considered and approved at the 65th meeting of the sixth session of the Board of the Company, and shall be submitted to the general meeting of the Company for consideration and approval before implementation.

Details of the interim dividend and the specific arrangements for the payment of the interim dividend and the relevant timing for the closure of the register of members for the H Shares will be separately disclosed by the Company in the circular in connection with the general meeting.

If approved by the general meeting, the Company will pay the dividend on or before 29 November 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Key non-equity investments

No.	Project name	Total project investment amount (RMB'00 million)	Progress of project	Amount completed during the Reporting Period (RMB'00 million)	Cumulative amount completed (RMB'00 million)	Performance of project
1	Jiaojia mining area (integration) gold resources development project	82.73	The mixing shaft in the north area and the main shaft in the south area of the main control project were completed, and preparations for the second phase of project are underway. The auxiliary shaft and 2# air return shaft in the south area are being excavated as planned.	2.93	6.31	According to the Feasibility Study Report, after the project reaches capacity, the ore production and processing capacity will be 6.6 million tonnes per year, and the average annual production of flotation gold concentrate will be 290,600 tonnes (gold content of 18,854 kg/year).
2	Xincheng Gold Mine resources integrated development project	37.84	The main shaft project in mining area I has completed excavation and installation and is in the process of commissioning, and the auxiliary shaft project in mining area II was completed and supporting engineering construction is in progress. The air return shaft project was dug as planned.	1.78	8.45	According to the Feasibility Study Report, after the project is completed and reaches capacity, the annual ore processing capacity will be 2.64 million tonnes, and the average annual production of flotation gold concentrate will be 119,600 tonnes (gold content of 7,771 kg/year).

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project name	Total project investment amount (RMB'00 million)	Progress of project	Amount completed during the Reporting Period (RMB'00 million)	Cumulative amount completed (RMB'00 million)	Performance of project
3	Namdini Gold Mine project of Cardinal	33.60	The concentrator's civil engineering, installation project, tailings project, water supply project, electricity project, and utilities system engineering are progressing as planned.	9.30	26.50	According to the Feasibility Study Report, after the project reaches capacity, the annual ore processing capacity will be 9.5 million tonnes, and the average annual output of crude gold ingots containing gold will be 8.438 tonnes.
4	Expansion project of 2,000 tonnes/day of mining and beneficiation in Chifeng Chaihulanzi Gold Mining Co., Ltd.	2.78	The air shaft project has completed 82% of the designed total length of the pit shaft. The auxiliary shaft was completed, and the second phase of tunnel development project was continued. The construction of supporting tailings pond was completed.	0.15	2.19	According to the Feasibility Study Report, when the mine reaches production scale, it will produce 600,000 tonnes of ore per year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### POSSIBLE RISKS

The Company clarifies the risk management responsibilities of the Board, the management and various departments and positions by strengthening organizational leadership, and establishes a whole process and chain risk prevention and control system and work mechanism based on the standard of “standardization and stability”, so as to firmly and vigorously prevent and resolve risks. Investors are advised that the Company has listed the main risks and took countermeasures, and however, the Company cannot absolutely guarantee the elimination of all adverse factors due to constraints of various factors.

#### Safety Management Risks

As the safety production supervision standards and requirements of governments at all levels continue to increase, the Company’s overall safety management is solid and effective. However, there are still some weak links in the safety production of some enterprises in basic management, equipment, systems and personnel quality, which restricts the Company’s achievement of intrinsic safety goal. If major casualties and property losses occur, it will have an impact on the Company’s production and operation, and will affect the Company’s brand and social reputation.

**Countermeasures:** We signed the work safety responsibility certificates with all staff and released the “Opinions on Strengthening Safety Work” in 2024 to consolidate and improve the results of mining top help full support, concentrate on rectifying problems of systems, ventilation, and deep high temperature, resolutely eliminating equipment and processes expressly prohibited by the state, and promoting the application of advanced and applicable technologies. We strengthened prevention at source, optimized the dual prevention mechanisms for production safety, carefully investigated and managed hidden disaster factors, improved the risk prevention and control system, and enhanced safety inspections and the investigation and management of hidden dangers. We strengthened scientific breakthroughs on mine safety, comprehensively improved the level of technological equipment, and promoted transparent mine geology, accurate disaster warning, intelligent mining, informational control, and unmanned disaster relief and exploration, for the purpose of increasing the intrinsic safety level of mines. We provided safety trainings to improve the safety quality of safety managers and operators.

#### Environmental Protection Management Risks

Currently, the issuance of environmental protection laws, regulations, and standard specifications is relatively high, with the national ecological and environmental protection regulatory landscape becoming increasingly stringent. Although the Company’s ecological and environmental protection efforts have maintained a stable state, there still exist weaknesses in the environmental foundation management and a lack of prevention awareness in some enterprises, posing certain risk hazards to the Company’s production and operations.

**Countermeasures:** We implemented the main responsibilities for ecological and environmental protection of enterprises and signed ecological and environmental responsibility certificates at all levels. We strengthened the ecological and environmental awareness of all employees, and improved ecological and environmental management systems from top to bottom. We strengthened management of the “three simultaneities” of environmental protection, pollution discharge permits, pollution prevention and control, hazardous chemicals, hazardous wastes, tailings and other links or areas. We regularly carried out investigation and treatment of potential environmental hazards, promoted the rectification and implementation of outstanding environmental problems, and reduced environmental risks. Intensified technological innovation and increased environmental investment, continuously improved pollution prevention and control level, orderly promoted pollution reduction and carbon emissions, synergistically increased efficiency, continuously reduced pollutant emissions, improved pollution prevention and control level, and improved the ecological environment of mining areas. Strengthened the construction of circular economy, expanded the comprehensive utilization ways of solid waste including tailings and waste rocks, improved the comprehensive utilization rate of solid waste. Strengthened the construction of environmental emergency response systems, organized enterprises to timely prepare (revise) emergency plans for environmental emergencies, strengthened drills, prepared sufficient and complete emergency materials, and improved the emergency prevention capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Resource Acquisition Risk

The competition between large mining groups for superior mineral resources has intensified, showing a trend of high overlap of major power competition categories, obvious geopolitical layout competition, and rising resource protectionism, making it more difficult to acquire new high-quality mineral rights.

**Countermeasures:** We innovated the mode of resource acquisition, accelerated the integration of significant and high-quality resources at home and abroad through various methods such as mergers and acquisitions of and application for mining rights, and risk prospecting, and continued to expand the advantages of production capacity and resource scale. To strengthen the research and development of exploration technology and make full use of the Company's professional geological team, we continued to intensify our efforts in exploration for advantageous target areas, and made new breakthroughs in theories of ore formation and prospecting and regional exploration to upgrade our resource reserves.

### Risks of Fluctuation in Product Prices

The Company's main product is gold, and fluctuations in gold prices bring significant uncertainty to the Company's operational benefits. Due to the ongoing severe global economic situation and increased geopolitical instability, along with the adjustments in national policies (such as monetary policy, fiscal policy, industry policy, regional development policy, etc.) and fluctuations in exchange rates, there can be a substantial impact on product prices, thereby affecting the Company's profits.

**Countermeasures:** The Company continuously strengthens the analysis and judgment of market trends, promptly analyzing the factors affecting gold prices and enhancing communication with external institutions to broaden perspectives. Based on scientific analysis and judgment, the Company adjusts its sales strategies in a timely manner. Surrounding production and operations, the Company carries out hedging activities to fully leverage the hedging functions of financial derivatives, offsetting the risk of product price fluctuations. It also establishes corresponding management systems, facilitates business management mechanisms, continuously enhances the effectiveness of hedging, and effectively reduces the risk of price fluctuations.

### Exchange Rate Volatility Risk

The Group's exposure to exchange rate risk is mainly related to the U.S. dollar, Argentine peso, Singapore dollar, Canadian dollar, Hong Kong dollar and Cedi. Except for several subsidiaries of the Group that purchase and sell in U.S. dollars, most of the Group's revenue, operating costs and expenses are and are expected to continue to be denominated in Renminbi. Revenue generated by our Argentina operations is denominated in U.S. dollars while the operating and capital costs for the Veladero Mine are partially denominated in Argentine Peso. Since the trend of gold prices in Renminbi is generally in line with that of international gold prices denominated in U.S. dollar and the Argentine Peso has experienced significant fluctuations in the past, the revenue of the Group may be affected if there are any significant changes in the exchange rate of Renminbi vs U.S. dollar and Argentine Peso vs U.S. dollar. Therefore, the consolidated financial performance of the Group may be affected. The management has been monitoring foreign exchange risk and promptly hedge against foreign exchange risk if necessary.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RELATIONSHIP WITH CONTROLLING SHAREHOLDER AND CONNECTED TRANSACTIONS

As at 30 June 2024, SDG Group directly and indirectly held 45.30% of the issued Shares.

SDG Group (excluding our Group) engages in gold mining related operations, including geological exploration and mining of gold, gold processing, gold smelting and technical services, and production and sales of specialized equipment and supplies and construction materials for gold mines. The gold resources of SDG Group (excluding our Group) are mainly located in the PRC. As of 30 June 2024, it owned 32 gold mine exploration permits in the PRC with an aggregate of approximately 275.09 tonnes of gold resources initially measured with reference to rules for estimation of China's resource reserves and reviewed and filed with relevant authorities; and 10 gold mine mining permits in the PRC with an aggregate of approximately 92.814 tonnes of measured gold resources. Except a few exploration permits under which the gold mines are either with insignificant resources detected or subject to government approval for consolidation, all the exploration and mining permits held by SDG Group (excluding our Group) have been under entrustment arrangement pursuant to the Equity Entrustment Framework Agreement between our Company and SDG Group Co.. The Company will continue to disclose the status of the transfer of the exploration and mining permits in its interim and annual reports after listing, including but not limited to, any changes in the list of entrusted targets, whether the relevant permits granted to the Company under the non-competition undertaking have been exercised, the status of boundary and capacity expansion (if applicable). For details of the relevant permits held by SDG Group, please refer to the paragraph headed "Exploration and Mining Permits Held by SDG Group (excluding our Group) in the PRC as of the End of the Reporting Period" below.

In addition, SDG Group holds a controlling interest in Focus Minerals Limited (an Australian listed company principally engaged in gold exploration and production, stock code: FML) through Shanjin International Co., Ltd. (山金國際有限公司). Focus Minerals Limited is owned as to approximately 63.18% by Shanjin International Co., Ltd., and Shanjin International Co., Ltd. is owned as to approximately 65% by SDG Group Co..

In April 2023, SDG Group transferred its 130,000,000 A Shares to a pledged account opened at Shanghai Branch of China Securities Depository and Clearing Co., Ltd, which served as a guarantee for SDG Group's 2023 non-public issuance of exchangeable corporate bonds for professional investors.

On 8 December 2023, the Company's shareholder SDG Non-ferrous and Shandong Tonghui Capital Investment Group Co., Ltd. (山東通匯資本投資集團有限公司) ("**Tonghui Capital**"), a holding subsidiary of Shandong Hi-Speed Group Co., Ltd., signed a share transfer agreement, pursuant to which SDG Non-ferrous transferred the outstanding 12,535,622 Shares not subject to trading moratorium held by it in the Company to Tonghui Capital at a price of RMB23.022 per share by way of transfer by agreement. The transfer registration was completed on 22 February 2024. After the completion of the transfer by agreement, the Company's total share capital remains unchanged. SDG Non-ferrous directly holds 102,941,860 A Shares of the Company, accounting for 2.30% of the Company's total issued shares; Tonghui Capital directly holds 12,535,622 A Shares of the Company, accounting for 0.28% of the Company's total issued shares.

The Company has not entered into any loan contract to establish the obligation terms of the SDG Group.

## EXPLORATION AND MINING PERMITS HELD BY SDG GROUP (EXCLUDING OUR GROUP) IN THE PRC AS OF THE END OF THE REPORTING PERIOD

### Statistics of the resources under the exploration permits of SDG Group

No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
1	The gold mine at Cangsiyang-Panjiawuzi District in Laizhou City, Shandong Province (exploration) (山東省萊州市倉上一潘家屋子地區金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Jincang Street, Laizhou City, Shandong Province	0.39	Yes
2	The middle and deep level of Lucun gold mine at Laizhou City, Shandong Province (general exploration) (山東省萊州市留村金礦中深部詳查)	Shandong Gold Geological Mine Exploration Co., Ltd.	Hufouya Town, Laizhou City, Shandong Province	2	Yes
3	Zhaojia gold mine in Laizhou City, Shandong Province (exploration) (山東省萊州市趙家金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Pinglidian Town, Laizhou City, Shandong Province	Not detected yet	Yes
4	Shangmajia gold mine in Laizhou City, Shandong Province (exploration) (山東省萊州市上馬家金礦勘探)	Shandong Gold Geological Mine Exploration Co., Ltd.	Zhaocun Town, Laizhou City, Shandong Province	0.22	Yes
5	Goumabei Gold Mine in Zhaosirang Mining District, Min County, Gansu Province (general exploration) (甘肅省岷縣桑土礦區溝廟背金礦詳查)	Shandong Gold Geological Mine Exploration Co., Ltd.	Min County, Gansu Province	20.145	Yes
6	The gold mine at Dayinjia mine area in Laizhou City, Shandong Province (exploration) (山東省萊州市大尹家礦區金礦勘探)	Shandong Jindri Mining Co., Ltd.	Zhuojiao Town, Pinglidian Town, Laizhou City, Shandong Province	Not detected yet	Yes
7	The gold mine at Shanglanzhi mine area in Penglai City, Shandong Province (exploration) (山東省蓬萊市上嵐子礦區金礦勘探)	Shandong Gold Jinchuang Group Co., Ltd.	Yanzikuang Village, Datuhang Town, Penglai City, Shandong Province	3.6	Yes
8	The deep level and outer rim of Helangou gold mine in Penglai City, Shandong Province (general exploration) (山東省蓬萊市黑龍溝金礦深部及外圍詳查)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai City, Shandong Province	1.48	Yes
9	The gold mine at north Chuguzhuang in Penglai District, Yantai City, Shandong Province (general exploration) (山東省煙台市蓬萊區初格莊北金礦詳查)	Shandong Jinchuang Co., Ltd.	Penglai City, Shandong Province	5.89	Yes
10	The gold mine in the northern mine area of Xishipeng, Penglai District, Yantai City, Shandong Province (exploration) (山東省煙台市蓬萊區西石礮北部礦區金礦勘探)	Shandong Jinchuang Co., Ltd.	Penglai District, Yantai City, Shandong Province	2.41	Yes
11	The gold mine in Shuiwangzhuang mining area, Zhaoyuan City, Shandong Province (exploration) (山東省招遠市水旺莊礦區金礦勘探)	Zhaoyuan Jizhou Mining Co., Ltd.	Zhaoyuan City, Shandong Province	186.1	Yes



# MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
12	The gold mine in Lijiazhuang mining area, Zhaoyuan City, Shandong Province (exploration) (山東省招遠市李家莊礦區金礦勘探)	Shandong Chengjin Mining Co., Ltd.	Zhaoyuan City, Shandong Province	17.05	Yes
13	The gold mine at the peripheral rim of Dayackeng mine area in Zhengde County, Fujian Province (general exploration) (福建省政和縣大葉坑礦區金礦外圍地質詳查)	Fujian Province Zhengde Hongkun Mining Co., Ltd.	Dayackeng Village, Xingxi Town, Zhengde County, Fujian Province	Not detected yet	Yes
14	The gold mine at the deep level of Dayackeng mine area in Zhengde County, Fujian Province (general exploration) (福建省政和縣大葉坑礦區金礦深部詳查)	Fujian Province Zhengde Hongkun Mining Co., Ltd.	Dayackeng Village, Xingxi Town, Zhengde County, Fujian Province	Au: 0.89 Ag: 21.09	Yes
15	The gold and copper mine in the outer rim of Xingxi mine area in Zhengde County, Fujian Province (general exploration) (福建省政和縣星溪礦區外圍金銅礦詳查)	Fujian Province Zhengde Dayuan Mining Co., Ltd.	Zhengde County, Fujian Province	Not detected yet	Yes
16	The gold mine at Asha (Kee) District in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣阿斯哈(可熱)地區金礦詳查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	8.03	Yes
17	Walega gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣瓦勒加金礦詳查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	8.02	Yes
18	The outer rim of Walega gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣瓦勒加金礦外圍詳查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
19	The gold mine at Daigigetang District in Dulan County, Qinghai Province (general prospecting) (青海省都蘭縣達里古格塘地區金礦普查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
20	Guoluongwa gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣果洛龍窪金礦詳查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	12.94	Yes
21	Guoluongwa gold mine (below 3,740 meters) in Dulan County, Qinghai Province (general prospecting) (青海省都蘭縣果洛龍窪金礦(3,740米以下)普查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
22	Anage gold mine in Dulan County, Qinghai Province (general exploration) (青海省都蘭縣安格格金礦詳查)	Qinghai Shaolin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	1.67	Yes
23	Dachaidan Hangwei Shengligou gold mine in Qinghai Province (general exploration) (青海省大柴旦行委勝利溝金礦詳查)	Shaolin Western Geological and Minerals Exploration Co., Ltd.	Dachaidan Hangwei, Haxi Prefecture, Qinghai Province	0.56	Yes

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of exploration permit	Holder of exploration permit	Location	Detected gold content (tonnes)	Whether entrusted by the Company
24	The gold mine at south Ashita in Dulan County, Qinghai Province (pre-prospecting) (青海省都蘭縣阿斯哈南金礦預查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
25	The gold mine at south Waega in Dulan County, Qinghai Province (pre-prospecting) (青海省都蘭縣瓦勒南金礦預查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	Not detected yet	Yes
26	The gold mine at Hongjidian, Tuoli County, Xinjiang (general prospecting) (新疆托里縣紅旗點金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Tuoli County, Tacheng District, Xinjiang	Not detected yet	Yes
27	The gold mine at Anjacha Gold Mine in Xhe County, Gansu Province (general prospecting) (甘肅省西和縣安家岔金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Xhe County, Gansu Province	Not detected yet	Yes
28	Tenglonging gold mine in Yiwu County, Xinjiang (general prospecting) (新疆伊吾縣騰龍金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Yiwu County, Xinjiang	3.7	Yes
29	The outer rim of Sergoumen gold mine in Xhe County, Gansu Province (general prospecting) (甘肅省西和縣四溝門外圍金礦普查)	Shanjin Western Geological and Minerals Exploration Co., Ltd.	Xhe County, Gansu Province	Not detected yet	Yes
30	Wuzunbulake gold mine in Gaochang District, Turpan City, Xinjiang (general prospecting) (新疆吐魯番市高昌區烏尊布拉克金礦普查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Gaochang District, Turpan City, Xinjiang	Not detected yet	Yes
31	East Wuzunbulake gold mine in Gaochang District, Turpan City, Xinjiang (general prospecting) (新疆吐魯番市高昌區東烏尊布拉克金礦普查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Gaochang District, Turpan City, Xinjiang	Not detected yet	Yes
32	The Yinxiangou gold-polymetallic mine in Songshan District, Chifeng City, Inner Mongolia Autonomous Region (general prospecting) (內蒙古自治區赤峰市松山區銀線溝金多金屬礦詳查)	Inner Mongolia Shanjin Geological Mine Exploration Co., Ltd.	Songshan District, Chifeng City	Not detected yet	Yes
Total				275.09	

## MANAGEMENT DISCUSSION AND ANALYSIS

### Statistics of the resources under the mining permits of SDG Group

No.	Name of exploration permit	Holder of exploration permit	Location	Retained gold content (tonnes)	Whether entrusted by the Company
1	Shandong Gold Jinchuang Group Co., Ltd. Yankou mine area (山東黃金創集團有限公司兗口礦區)	Shandong Gold Jinchuang Group Co., Ltd.	Yankou area, Daluhang Town, Penglai, Shandong Province	57.73	Yes
2	Shandong Jinchuang Co., Ltd. Shangyouwangli gold mine area (山東黃金創集團有限公司上口王李金礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	3,879	Yes
3	Shandong Jinchuang Co., Ltd. Hejinding mine area (山東黃金創集團有限公司黑金頂礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	1,538	Yes
4	Shandong Jinchuang Co., Ltd. Heilangou mine area (山東黃金創集團有限公司黑崗溝礦區)	Shandong Jinchuang Co., Ltd.	Daxindian Town, Penglai, Shandong Province	6,721	Yes
5	Qingdao Jinxing Mining Co., Ltd. (青島金星礦業股份有限公司)	Qingdao Jinxing Mining Co., Ltd.	Jiudian Town, Pingdu City, Shandong Province	6.44	Yes
6	Hainan Shanjin Mining Co., Ltd. Baotun gold mine in Ledong County (海南山金礦業有限公司樂東縣抱倫金礦)	Hainan Shanjin Mining Co., Ltd.	Ledong County, Hainan Province	9.46	Yes
7	Songxian Shanjin Mining Co., Ltd. (濰縣山金礦業有限公司)	Songxian Shanjin Mining Co., Ltd.	Shuigou Village, Dazhang Town, Song County, Luoyang	2,811	Yes
8	Fujian Province Zhenghe Hongkun Mining Co., Ltd. Dayakeng gold mine (福建省政和縣宏坤礦業有限公司大藥坑金礦)	Fujian Province Zhenghe Hongkun Mining Co., Ltd.	Xingxi Town, Zhenghe County, Fujian Province	0.94	Yes
9	Qinghai Shanjin Mining Co., Ltd. Guolulongya gold mine in Dulan County (青海山金礦業有限公司郭隆縣果洛窪金礦)	Qinghai Shanjin Mining Co., Ltd.	Gouli Town, Dulan County, Qinghai Province	0.84	Yes
10	Fujian Province Zhenghe Dayuan Mining Co., Ltd. sulfur-gold-copper mine of Xingxi mine area (福建省政和縣大源礦業有限公司星溪礦區硫金銅礦)	Fujian Province Zhenghe Dayuan Mining Co., Ltd.	Zhenghe County, Fujian Province	2,455	Yes
	Total			92,814	

#### Notes:

- According to the requirements of the governments at all levels of Shandong Province and Yantai City on the gold mineral resources consolidation plan in 2021, Laizhou Ludi Mining Investment and Development Co., Ltd., a wholly-owned subsidiary of SDG Group, consolidated and transferred the "Jincheng Gold Mining Permit" held by it to Shandong Gold Mining (Laizhou) Co., Ltd. ("Laizhou Company"), a wholly-owned subsidiary of the Company. In 2022, Laizhou Company acquired the consolidated "Jiaojia Gold Mining Permit", which includes the Jincheng Gold Mining Permit, and the gold content of Jincheng Gold Mining Permit reached 73.4 tonnes, and the resource income from the Jincheng Gold Mining Permit remains substantially attributable to Laizhou Ludi Mining Investment and Development Co., Ltd.
- SDG Group has been sorting out the resources of gold exploration and mining permits owned by it in the PRC and improvement in their titles or certificates, and will actively promote the transfer of eligible mineral rights to the Company. If the relevant conditions for their injection into the Company are not met or the Company is unwilling to acquire them, such mineral rights will be disposed of by way of sale to an unrelated third party, etc., with the prior consent of the Company.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury Shares, if any).

The Company did not hold any treasury Shares as at the end of the Reporting Period.

### DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2024, so far as the Directors, Supervisors and chief executive of the Company are aware, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests and long/short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of the SFO, to be entered into the register to be kept by the Company referred to therein, or required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Nature of interest	Class of Shares	Number of Shares or underlying Shares interested	Long/Short position	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital
SDG Group Co.	Beneficial owner	A Shares	1,694,069,251	Long	46.87%	37.87%
	Interest held by controlled corporation <sup>(1)</sup>	A Shares	332,538,111	Long	9.20%	7.43%
Shandong Gold Resources Development Co., Ltd. ("SDG Resources Development")	Beneficial owner <sup>(2)</sup>	A Shares	194,872,049	Long	5.39%	4.36%
Gold Virtue Limited	Beneficial owner	H Shares	85,705,455	Long	9.98%	1.92%
			11,000,000	Short	1.28%	0.25%
Schroders PLC	Investment manager	H Shares	77,253,850	Long	8.99%	1.73%
China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司)	Beneficial owner	H Shares	50,977,020	Long	5.93%	1.14%
CEB-GFAM-China Structural Reform Fund Asset Management Account No. 1 (廣發資管一國調基金1號定向資產管理計劃)	Trustee	H Shares	50,977,020	Long	5.93%	1.14%
BlackRock, Inc <sup>(3)</sup>	Interest held by controlled corporation	H Shares	46,194,167	Long	5.38%	1.03%
			2,937,000	Short	0.34%	0.07%

## OTHER INFORMATION

### Notes:

- (1) These 332,538,111 A Shares comprise 194,872,049 A Shares held by SDG Resources Development, 102,941,860 A Shares held by Shandong Gold Non-ferrous Metal Mine Group Co., Ltd. ("**SDG Non-ferrous**"), 31,467,157 A Shares held by Shandong Gold Group Qingdao Gold Co., Ltd. ("**Qingdao Gold**") and 3,257,045 A Shares held by SDG (Beijing) Industry Investment Co., Ltd. ("**Beijing Industry Investment**"). Each of SDG Resources Development, SDG Non-ferrous, Qingdao Gold and Beijing Industry Investment is wholly-owned by SDG Group Co.. SDG Group Co. holds 100% equity interest of SDG Non-ferrous. As such, SDG Group Co. is deemed to be interested in the Shares held by SDG Resources Development, SDG Non-ferrous, Qingdao Gold and Beijing Industry Investment for the purpose of the SFO.
- (2) SDG Resources Development is wholly-owned by SDG Group Co., and therefore SDG Group Co. is deemed to be interested in all the Shares held by SDG Resources Development for the purpose of the SFO.
- (3) BlackRock, Inc. is deemed to hold a total of long position of 46,194,167 H Shares and a short position of 2,937,000 H Shares due to its control rights over a number of companies. Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.à r.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock International Limited, BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.à r.l., BlackRock Investment Management Ireland Holdings Unlimited Company, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock (Singapore) Limited, BlackRock UK Holdco Limited, BlackRock Asset Management Schweiz AG, EG Holdings Blocker, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC and Aperio Group, LLC, being the controlled corporations, are directly or indirectly interested in the H Shares.

Save as disclosed above, as at 30 June 2024, the Directors, Supervisors and chief executive of the Company are not aware of any person (who were not Directors, Supervisors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in 5% or more of the nominal value of any class of the share capital carrying the rights to vote in all circumstances at general meetings of the Company, or had an interest or short position which would be required to be entered into the register to be kept by the Company pursuant to Section 336 of the SFO.

## OTHER INFORMATION

### DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 30 June 2024, there were no interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) owned by Directors, Supervisors and chief executive of the Company which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken, or deemed to have, under such provisions of the SFO); or were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### USE OF PROCEEDS FROM GLOBAL OFFERING

The H Shares were listed on 28 September 2018 on the Main Board of the Hong Kong Stock Exchange with net proceeds of approximately HK\$5,245.7 million (approximately RMB4,618.8 million) after deducting transaction fees and other expenses. RMB4,506.1 million of the above has been fully utilized to repay Syndicated Term Loans in accordance with the uses stated in the Prospectus, and RMB95 million has been utilized to pay listing expenses in accordance with the uses stated in the Prospectus. Reference is made to the Company's announcement dated 27 October 2023, since the Company has paid up all listing expenses, the Company decided to change the use of the unutilized proceeds of RMB17.7 million and apply them to the replenishment of working capital in full. Changes to the use of proceeds from the global offerings do not require the approval of general meeting. For details, please refer to the announcement of the Company dated 27 October 2023. At the beginning of the Reporting Period, the balance of such proceeds amounted to RMB0.5 million, which were fully utilized for the replenishment of working capital during the Reporting Period according to the revised use of proceeds. As at the end of the Reporting Period, there were no unutilized proceeds from the global offering.

## OTHER INFORMATION

### STAFF OF THE GROUP

As at 30 June 2024, the Group had a total of 19,314 full-time employees. For the six months ended 30 June 2024, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB2,563.33 million (six months ended 30 June 2023: approximately RMB1,806.9 million).

The Company is strategically oriented, and based on the principle of market-oriented allocation, has established a post-performance salary system that is competitive, fair, and motivating internally, and offering competitive salary in line with the external market rate to enhance the performance of employees. The annual salary standard of senior management is determined according to the market rate whilst in consideration of the corporate efficiency, scale, and operational difficulty of his/her respective position and fulfilment of one's target responsibility signed by the senior management annually.

The Group ensured that the remuneration packages of employees are competitive and the remuneration level of its employees was determined on the basis of work performance, with reference to the profitability of the Group, industry remuneration standards and market conditions within the general framework of the Group's remuneration system.

For operation management training of the Group, we aligned with Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, aiming to become an internationally first-class enterprise, with lean management as our goal and improving operational management level as our purpose. We conducted training for management personnel at all levels, covering production operations, human resources, project management, financial auditing, financial management, resource acquisition, and party building and discipline inspection, etc. Professional and technical personnel training was oriented towards enhancing scientific and technological innovation capabilities, with continuing education for professional and technical personnel as a focus, and facilitating the technological progress of the enterprise as the objective. This is achieved through the organization of continuing education for professionals in geophysical exploration, selection, and electrical mechanics, among others, and specialized lectures by expert committees from various disciplines including geophysical exploration, selection, and electrical mechanics. The training of vocational skills employees starts with the cultivation of gold craftsmen, emphasizes the improvement of skill quality, and aims to enhance technical abilities, through which the pre-employment training, continuing education, and self-assessment for skilled employees have been successfully accomplished.

## OTHER INFORMATION

### EMPLOYEE SHAREHOLDING SCHEME PRIOR TO THE LISTING OF H SHARES

In May 2015, the Company obtained approval from the Shareholders' general meeting of our Company to establish the Phase One Employee Shareholding Scheme of Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司第一期員工持股計劃) (the “**Employee Shareholding Scheme**”) for the purpose of enhancing the cohesiveness of employees and vitality of the Company's development, and improving corporate governance level, so as to better promote the Company's long-term, sustainable and healthy development. The Employee Shareholding Scheme is adopted with a duration of 84 months. The eligible participants of the Employee Shareholding Scheme include certain then management members of our Company, our subsidiaries and target companies in connection with the private placement in 2016.

On 17 October 2016, our Company completed registration and custody procedures at the Shanghai branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) of 11,645,629 Shares to 128 individuals at the price of RMB14.30 per Share under the Employee Shareholding Scheme for a subscription amount of RMB166,532,494.70. The Company has not issued any Shares under the Employee Shareholding Scheme since then. The relevant Shares were subject to a lockup period of 36 months and were unlocked and vested to the said participants. As of 28 August 2024, being the date of the Company's 2024 interim results announcement, all the Shares under the Employee Shareholding Scheme have been disposed of. The Employee Shareholding Scheme does not constitute a share scheme under Chapter 17 of the Hong Kong Listing Rules.

### MATERIAL CHANGE

Save as disclosed herein, there has been no material change in respect of the future developments in the business of the Group (including the Company's prospects for the current financial year) since the publication of the Company's 2023 annual report.



## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company, being a company listed in Hong Kong and Shanghai, manages its operation in strict compliance with the laws, regulations and regulatory documents of the places where its shares are listed, and strives to protect and enhance its corporate image. The Company continues to improve its corporate governance structure in compliance with the PRC Company Law and the regulations and requirements of the CSRC, the SFC and the Hong Kong Stock Exchange. The corporate governance of the Company complies with the applicable requirements of the relevant laws and regulations.

The Company is committed to the maintenance of good corporate governance practices, with reference to the CG Code. The Board is of the opinion that the Company had complied with all the applicable code provisions as set out in Part 2 of the CG Code during the six months ended 30 June 2024.

### DISCLOSURE OF INFORMATION OF DIRECTORS AND SUPERVISORS PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

Pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules, during the Reporting Period, the changes in the particulars of the Directors are as follows: the Company received a written resignation report from Mr. Wang Lijun, a former Director on 12 January 2024. Mr. Wang Lijun applied for resignation as a non-executive Director of the sixth session of the Board, a member of the strategy committee of the sixth session of the Board and a member of the nomination committee of the sixth session of the Board due to change of work positions. Mr. Wang Lijun will cease to hold any position in the Company and its subsidiaries after the resignation.

Mr. Liew Fui Kiang, an independent non-executive Director, retired as an independent non-executive director of Gilston Group Limited (formerly known as China Apex Group Limited, listed on the Hong Kong Stock Exchange, stock code: 2011) with effective from 21 June 2024.

Save as disclosed above, during the Reporting Period, there were no other changes to the information of the Directors and Supervisors as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code during the Reporting Period.

### AUDIT COMMITTEE

The audit committee currently comprises of two non-executive Directors, Mr. Li Hang and Ms. Wang Xiaoling and three independent non-executive Directors, Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng. The chairman of the Audit Committee is Ms. Zhao Feng.

The audit committee has reviewed the interim report of the Group for the six months ended 30 June 2024 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers that the interim report of the Group for the six months ended 30 June 2024 are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

## OTHER INFORMATION

### OTHER SIGNIFICANT EVENTS DURING REPORTING PERIOD

On 26 January 2024 (after trading hours), the Company and Shandong Gold Geological Mine Exploration Co., Ltd. (山東黃金地質礦產勘查有限公司) (“**Shandong Gold Exploration**”) entered into the Acquisition Agreement, pursuant to which Shandong Gold Exploration agreed to sell and the Company agreed to acquire the Xiling Gold Mine Exploration Right, at a consideration of RMB10,334,248,700. The relevant resolution was considered and approved at the 2024 second extraordinary general meeting of the Company held on 7 March 2024. For details, please refer to the Company’s announcement dated 26 January 2024 and the circular dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

On 26 January 2024, in accordance with the latest provisions of the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) of the China Securities Regulatory Commission and the Hong Kong Listing Rules and based on the actual conditions of the Company, the Company made amendments to the Articles of Association and the amendments to the Articles of Association were approved by Shareholders at the 2024 second extraordinary general meeting of the Company held on 7 March 2024. For details, please refer to the Company’s announcement dated 26 January 2024 and the circular dated 21 February 2024 published on the website of the Hong Kong Stock Exchange.

### SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In the view of the fact that the issuance of A Shares to target subscribers by the Company has not yet been completed, the Company proposed to extend the validity period of the Shareholders’ resolution in relation to the issuance of A Shares to target subscribers and the validity period of the authorization by the Shareholders’ meeting to the Board and its authorized persons with full discretion to deal with the relevant matters relating to the issuance of A Shares to target subscribers, in order to ensure the smooth progress of the relevant work. The Company convened the 62nd meeting of the sixth session of the Board and the 37th meeting of the sixth session of the Supervisory Committee on 9 July 2024, which considered and approved the Resolution on the Extension of the Validity Period of the Shareholders’ Resolution in relation to the Issuance of A Shares of the Company to Target Subscribers, which proposed to extend the validity period of the Shareholders’ resolution in relation to the issuance of A Shares to target subscribers to 29 July 2025. The Company convened the 62nd meeting of the sixth session of the Board and the 37th meeting of the sixth session of the Supervisory Committee on 9 July 2024, which considered and approved the Resolution on the Extension of the Validity Period of the Authorization by the Shareholders’ Meeting to the Board and its Authorized Persons with Full Discretion to Deal with the Relevant Matters relating to the Issuance of A Shares to Target Subscribers, which proposed to extend the validity period of the authorization by the Shareholders’ meeting of the Company to the Board and its authorized persons with full discretion to handle matters related to the issuance of A Shares to target subscribers. As for the authorization, if it involves specific implementations after the approval of the issuance from the regulatory authority and the stock exchange, the validity period of the authorization shall be from the date of consideration and approval by the general meeting of the Company to the date of completion of such specific implementations, while the validity period of remaining authorization shall be extended to 29 July 2025. The relevant resolutions were considered and approved at the 2024 fourth extraordinary general meeting, the 2024 second A Shares class meeting and the 2024 second H Shares class meeting of the Company held on 29 July 2024. For details, please refer to the Company’s announcement dated 29 July 2024 and circular dated 12 July 2024 published on the website of the Hong Kong Stock Exchange.

## OTHER INFORMATION

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and Shareholders for their continuous support to the Group. I would also like to extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

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

Jinan, the PRC, 28 August 2024

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the Six Months Ended 30 June 2024

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
<b>Revenue</b>	3	<b>45,773,495</b>	27,424,883
Cost of sales		<b>(40,107,712)</b>	(24,061,735)
<b>Gross profit</b>		<b>5,665,783</b>	3,363,148
Selling expenses		<b>(83,113)</b>	(59,094)
General and administrative expenses		<b>(1,415,444)</b>	(1,114,672)
Research and development expenses		<b>(258,162)</b>	(164,918)
Other income		<b>12,506</b>	8,319
Other gains and losses, net		<b>(337,129)</b>	(71,852)
Finance income		<b>94,979</b>	51,055
Finance costs	5	<b>(921,165)</b>	(702,317)
Share of results of associates		<b>14,777</b>	18,023
<b>Profit before tax</b>		<b>2,773,032</b>	1,327,692
Income tax expenses	6	<b>(641,318)</b>	(347,858)
<b>Profit for the period</b>	7	<b>2,131,714</b>	979,834
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>1,357,002</b>	854,582
Ordinary shares		<b>1,157,558</b>	641,327
Perpetual bonds		<b>199,444</b>	213,255
– Non-controlling interests		<b>774,712</b>	125,252
		<b>2,131,714</b>	979,834
<b>EARNINGS PER SHARE</b>	9		
– Basic and diluted (RMB)		<b>0.26</b>	0.14

During the Reporting Period, the profit for the period attributable to the holders of the Company's equity instruments included the interest attributable to the holders of the perpetual bonds of RMB199,444,000. After deducting the perpetual bond interest, the profit for the period attributable to ordinary shareholders of the listed company during the Reporting Period was RMB1,157,558,000. The effect of interest on perpetual bonds is deducted in the calculation of basic and diluted earnings per share.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Six Months Ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>2,131,714</b>	979,834
<b>Other comprehensive income (expense):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<b>(235,266)</b>	64,207
<b>Other comprehensive income attributable to minority shareholders</b>	<b>(349)</b>	–
<b>Other comprehensive income (expense) for the period</b>	<b>(235,615)</b>	64,207
<b>Total comprehensive income for the period</b>	<b>1,896,099</b>	1,044,041
Total comprehensive income for the period attributable to:		
– Owners of the Company	<b>1,121,736</b>	918,789
Ordinary shares	<b>922,292</b>	705,534
Perpetual bonds	<b>199,444</b>	213,255
– Non-controlling interests	<b>774,363</b>	125,252
	<b>1,896,099</b>	1,044,041

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	54,644,480	50,357,955
Investment properties		165,671	164,392
Right-of-use assets	11	1,467,568	1,492,974
Intangible assets	12	43,696,806	32,988,312
Goodwill		11,582,589	11,475,523
Investments in associates		2,536,729	2,521,951
Financial assets at fair value through other comprehensive income		28,720	28,720
Financial assets at fair value through profit or loss	13	4,735,596	4,829,857
Inventories		1,057,905	1,135,305
Deferred income tax assets		835,604	722,744
Other non-current assets		688,657	668,928
		<b>121,440,325</b>	106,386,661
<b>Current assets</b>			
Inventories		9,060,055	8,848,047
Prepayments, trade and other receivables	14	6,820,027	5,352,317
Prepaid income tax		11,373	41,983
Financial assets at fair value through profit or loss	13	6,112,270	4,165,391
Restricted bank deposits		1,615,849	1,871,539
Bank balances and cash	15	7,984,987	8,352,903
		<b>31,604,561</b>	28,632,180
<b>Current liabilities</b>			
Trade and other payables	16	28,624,873	19,976,443
Lease liabilities		23,996	47,906
Current income tax liabilities		698,340	529,476
Borrowings	17	33,907,770	27,932,634
Financial liabilities at fair value through profit or loss	18	1,341,833	801,362
Current portion of other non-current liabilities		167,170	205,055
		<b>64,763,982</b>	49,492,876
<b>Net current liabilities</b>		<b>(33,159,421)</b>	(20,860,696)
<b>Total assets less current liabilities</b>		<b>88,280,904</b>	85,525,965

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings	17	25,066,339	23,211,331
Lease liabilities		130,471	108,361
Deferred income tax liabilities		6,803,386	6,826,963
Deferred revenue		14,492	12,787
Provision for asset retirement obligations	19	839,633	842,789
Other non-current liabilities		1,515,300	1,226,020
		<b>34,369,621</b>	32,228,251
<b>Net assets</b>			
		<b>53,911,283</b>	53,297,714
<b>Capital and reserves</b>			
Share capital	20	4,473,430	4,473,430
Reserves		18,977,069	18,667,125
Perpetual bonds		10,068,678	9,938,377
Non-controlling interests		20,392,106	20,218,782
<b>Total equity</b>			
		<b>53,911,283</b>	53,297,714

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Capital reserve RMB'000	Statutory and other reserve funds RMB'000	Transactions with non- controlling interests RMB'000	Foreign currency translation reserve RMB'000	Others RMB'000	Retained profits RMB'000	Sub-total RMB'000	Perpetual Bonds RMB'000	Non- controlling interests RMB'000	Total RMB'000
<b>At 1 January 2024</b>	4,473,430	5,788,983	1,148,834	(2,770,048)	78,403	2,620	14,418,333	23,140,555	9,938,377	20,218,782	53,297,714
Profit for the period	-	-	-	-	-	-	1,357,002	1,357,002	-	774,712	2,131,714
<b>Other comprehensive expense:</b>											
Currency translation differences	-	-	-	-	(235,266)	-	-	(235,266)	-	(349)	(235,615)
<b>Total comprehensive expense for the period</b>	-	-	-	-	(235,266)	-	1,357,002	1,121,736	-	774,363	1,896,099
Appropriations											
Contribution from non-controlling interests shareholders	-	-	-	-	-	-	-	-	-	100	100
Consideration paid for the business combination involving entities under common control											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Acquisition of additional interest of a subsidiary	-	10,292	-	-	-	-	-	10,292	-	158,916	169,208
Distributions made to holders of perpetual bonds	-	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-	-	-	(626,280)	(626,280)	-	-	(626,280)
Dividends paid by subsidiaries of the Company to non-controlling interests	-	-	-	-	-	-	-	-	-	(768,677)	(768,677)
Others	-	-	-	-	-	3,640	(199,444)	(195,804)	130,301	8,622	(56,881)
<b>At 30 June 2024 (unaudited)</b>	4,473,430	5,799,275	1,148,834	(2,770,048)	(156,863)	6,260	14,949,611	23,450,499	10,068,678	20,392,106	53,911,283



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2024

	Attributable to owners of the Company										
	Share capital	Capital reserve	Statutory and other reserve funds	Transactions with non-controlling interests	Foreign currency translation reserve	Others	Retained profits	Sub-total	Perpetual Bonds	Non-controlling interests	Total
<b>At 1 January 2023</b>	4,473,430	5,788,983	1,065,380	(1,465,776)	90,854	43,170	12,997,818	22,993,859	9,937,528	3,870,781	36,802,168
Profit for the period	-	-	-	-	-	-	854,582	854,582	-	125,252	979,834
<b>Other comprehensive expense:</b>											
Currency translation differences	-	-	-	-	64,207	-	-	64,207	-	-	64,207
<b>Total comprehensive expense for the period</b>	-	-	-	-	64,207	-	854,582	918,789	-	125,252	1,044,041
Appropriations	-	-	-	-	-	-	-	-	-	-	-
Contribution from non-controlling interests shareholders	-	-	-	-	-	-	-	-	-	(363,153)	(363,153)
Consideration paid for the business combination involving entities under common control	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	123,982	-	-	-	123,982	-	-	123,982
Acquisition of additional interest of a subsidiary	-	-	-	-	-	-	-	5,245	-	-	5,245
Distributions made to holders of perpetual bonds	-	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-	-	-	(313,140)	(313,140)	-	-	(313,140)
Dividends paid by subsidiaries of the Company to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	1,651	(213,255)	(211,604)	144,490	60	(67,054)
<b>At 30 June 2023 (unaudited)</b>	4,473,430	5,794,228	1,065,380	(1,341,794)	155,061	44,821	13,326,005	23,517,131	10,082,018	3,632,940	37,232,089

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Six Months Ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>7,295,256</b>	1,046,917
Income tax paid	<b>(738,127)</b>	(370,884)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6,557,129</b>	676,033
<b>INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment	<b>(4,942,845)</b>	(3,695,186)
Proceeds from disposal of property, plant and equipment	<b>2,738</b>	21,586
Payments for right-of-use assets	<b>(90,077)</b>	–
Payments for purchase of intangible assets	<b>(4,696,724)</b>	(2,553)
Withdrawals of restricted bank deposits	<b>973,368</b>	1,402,098
Placement of restricted bank deposits	<b>(717,678)</b>	(430,363)
Payments for settlement of gold futures/forward contracts	<b>(63,168)</b>	–
Payments for purchase of financial assets at fair value through profit or loss	<b>(9,031,619)</b>	(867,642)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>6,811,089</b>	426,107
Dividends received from financial assets at fair value through profit or loss	<b>124,963</b>	–
Proceed from disposal of a subsidiary	–	5,000
Consideration paid for acquisition of combined entities not under common control	<b>(423,990)</b>	(3,696,754)
Consideration paid for acquisition of non-controlling interest shareholders	–	(399,692)
Consideration paid for capital contributions from non-controlling interest shareholders	–	(390,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(12,053,943)</b>	(7,627,398)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Six Months Ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>FINANCING ACTIVITIES</b>		
Capital injections from non-controlling shareholders	100	192,000
Repayments of lease liabilities	(26,076)	(30,523)
New bank borrowings raised	14,124,073	12,463,506
Repayments of bank borrowings	(11,425,313)	(5,539,326)
New borrowings from related parties raised	1,399,000	1,693,000
Repayments of borrowings from related parties	(1,194,600)	(1,556,300)
New corporate bonds raised	1,999,000	–
Interests paid	(1,065,572)	(611,689)
Dividends paid to non-controlling shareholders	(731,577)	–
Payments for provision for asset retirement obligations	(5,261)	(765)
Government grants received	14,211	8,241
Proceeds from gold leasing arrangements	8,525,942	4,218,045
Settlement of gold leasing arrangements	(6,427,465)	(4,720,132)
Payments for finance costs associated with gold leasing contracts	(76,051)	(107,565)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5,110,411</b>	<b>5,898,493</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(386,403)</b>	<b>(1,052,871)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6,034,083</b>	<b>6,347,098</b>
Effect of foreign exchange rate changes	6,757	18,939
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5,654,437</b>	<b>5,313,165</b>
<b>Analysis of cash and cash equivalents:</b>		
Bank balances and cash	7,984,987	6,846,889
Less: cash held on behalf of customers for futures contracts trading	(2,330,550)	(1,533,724)
	<b>5,654,437</b>	<b>5,313,165</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 1. GENERAL INFORMATION

Shandong Gold Mining Co., Ltd. (the “Company”) was established in the PRC on 31 January 2000 as a joint stock company with limited liability under the Company Law of the PRC. The A shares of the Company have been listed on the Shanghai Stock Exchange since 28 August 2003. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 September 2018.

In the opinion of the directors of the Company, the immediate holding company and the ultimate controlling party of the Company are Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) (“Shandong Gold Group”) and the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government (山東省人民政府國有資產監督管理委員會), respectively.

The Group is principally engaged in (i) mining, processing and sales of gold and gold products; (ii) manufacturing and sales of building decoration materials; and (iii) investment in equity funds, trading of gold bullion and provision of futures contracts trading services. The address of the Company’s registered office and principal place of business is No. 2503, Jingshi Road, Licheng District, Jinan, the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34 issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured and carried at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the interim condensed consolidated financial information requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgements and estimates in the process of applying the Group’s accounting policies.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Application of new and amendments to IFRSs

#### New and amendments to standards that are effective for the current year

In the current interim period, the Group has applied, for the first time, the following new and amendments to the International Financial Reporting Standards ("IFRS") and the following new amendments to IFRSs issued by the IASB, which are effective for the financial year beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the new and amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and position for the current interim and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 2.3 Going concern

As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB33,159,421,000. The directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- (i) The Group is expected to remain profitable and hence continue to generate operating cash inflows from its future business operations; and
- (ii) The Group has maintained long business relationship with its principal bankers and the principal bankers have confirmed their willingness to provide sufficient banking facilities as at 30 June 2024 and available at least next twelve months from 30 June 2024.

In view of the above, the directors of the Company are confident that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue to operate for at least the next twelve months from 30 June 2024. Accordingly, the directors of the Company have prepared the interim condensed consolidated financial information on a going concern basis. The interim condensed consolidated financial information does not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 3. REVENUE

Revenue represents revenue arising on sales of goods, leasing of properties and provision of services for the period. An analysis of the Group's revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of gold bullion, gold related products and others	45,733,905	27,391,308
Brokerage and other fees earned from trading of futures contracts	30,960	30,828
	<b>45,764,865</b>	27,422,136
<b>Revenue from other sources</b>		
Rental income from investment properties	8,630	2,747
	<b>45,773,495</b>	27,424,883

Disaggregation of revenue from contracts with customers by timing of recognition:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Timing of revenue recognition</b>		
At a point in time and total revenue from contracts with customers	45,764,865	27,422,136

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 3. REVENUE (Continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers by (i) timing of revenue recognition; and (ii) geographical markets, arising from different reporting segments:

#### 3.1 For the six months ended 30 June 2024 (unaudited)

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Trading RMB'000	Total RMB'000
<i>Revenue from contracts with customers within the scope of IFRS 15:</i>					
Sales of gold bullion, gold related products and others	2,324,486	28,982,281	7,922,345	6,504,793	45,733,905
Brokerage and other fees earned from trading of futures contracts	-	-	30,960	-	30,960
	2,324,486	28,982,281	7,953,305	6,504,793	45,764,865
<i>Revenue from other sources:</i>					
Rental income from investment properties	8,456	-	174	-	8,630
	2,332,942	28,982,281	7,953,479	6,504,793	45,773,495
<b>Geographical markets:</b>					
The PRC, excluding the Hong Kong Special Administrative Region ("Hong Kong")	730,325	28,982,281	7,953,479	5,235,272	42,901,357
Outside the PRC	1,602,617	-	-	1,269,521	2,872,138
	2,332,942	28,982,281	7,953,479	6,504,793	45,773,495
<b>Timing of revenue recognition:</b>					
At a point in time	2,324,486	28,982,281	7,953,305	6,504,793	45,764,865

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 3. REVENUE (Continued)

### 3.2 For the six months ended 30 June 2023 (unaudited)

	Gold Mining RMB'000	Gold Refining RMB'000	Investment Management RMB'000	Total RMB'000
<i>Revenue from contracts with customers within the scope of IFRS 15:</i>				
Sales of gold bullion, gold related products and others	1,626,400	19,050,991	6,713,917	27,391,308
Brokerage and other fees earned from trading of futures contracts	–	–	30,828	30,828
	1,626,400	19,050,991	6,744,745	27,422,136
<i>Revenue from other sources:</i>				
Rental income from investment properties	2,747	–	–	2,747
	1,629,147	19,050,991	6,744,745	27,424,883
<b>Geographical markets:</b>				
The PRC, excluding the Hong Kong Special Administrative Region (“Hong Kong”)	508,767	19,050,991	6,744,745	26,304,503
Outside the PRC	1,120,380	–	–	1,120,380
	1,629,147	19,050,991	6,744,745	27,424,883
<b>Timing of revenue recognition:</b>				
At a point in time	1,626,400	19,050,991	6,744,745	27,422,136



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 4. SEGMENT INFORMATION

The President Office (總裁辦公會) of the Company is the Group's chief operating decision-maker ("CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM has chosen to organize the Group around differences in different products and services.

Financial information of the following reportable segments has been separately presented as discrete segment information for the CODM's review:

- Gold Mining – mining and sales of gold ore;
- Gold Refining – production and sales of gold;
- Investment Management – investments in equity funds, trading of gold bullion and provision of futures contracts trading services;
- Trading – trading of gold bullion and non-ferrous metals.

#### Segment revenue and results

For the six months ended 30 June 2024 (unaudited)

	Gold Mining RMB'000 (Unaudited)	Gold Refining RMB'000 (Unaudited)	Investment Management RMB'000 (Unaudited)	Trading RMB'000 (Unaudited)	Inter- segment Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue</b>	9,346,435	29,127,242	8,023,213	6,504,793	(7,228,188)	45,773,495
Less: inter-segment revenue	(7,013,493)	(144,961)	(69,734)	-	7,228,188	-
Revenue from external customers	2,332,942	28,982,281	7,953,479	6,504,793	-	45,773,495
<b>Operating profit</b>	3,231,729	98,736	101,607	979,310	(826,941)	3,584,441
Finance income	288,094	2,621	77,669	27,763	(301,168)	94,979
Finance costs	(1,088,645)	(4,592)	(109,203)	(19,893)	301,168	(921,165)
Share of results of associates	14,784	-	(7)	-	-	14,777
<b>Profit before tax</b>	2,445,962	96,765	70,066	987,180	(826,941)	2,773,032
Income tax expenses	(386,011)	(24,191)	(17,420)	(213,696)	-	(641,318)
<b>Profit for the period</b>	2,059,951	72,574	52,646	773,484	(826,941)	2,131,714

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

For the six months ended 30 June 2023 (unaudited)

	Gold Mining RMB'000 (Unaudited)	Gold Refining RMB'000 (Unaudited)	Investment Management RMB'000 (Unaudited)	Inter- segment Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue</b>	7,597,338	19,079,744	6,744,745	(5,996,944)	27,424,883
Less: inter-segment revenue	(5,968,191)	(28,753)	–	5,996,944	–
Revenue from external customers	1,629,147	19,050,991	6,744,745	–	27,424,883
<b>Operating profit</b>	1,874,323	(26,062)	236,336	(123,666)	1,960,931
Finance income	32,180	3,936	14,939	–	51,055
Finance costs	(596,795)	(2,981)	(102,541)	–	(702,317)
Share of results of associates	18,023	–	–	–	18,023
<b>Profit (loss) before tax</b>	1,327,731	(25,107)	148,734	(123,666)	1,327,692
Income tax expenses	(337,975)	–	(9,883)	–	(347,858)
<b>Profit (loss) for the period</b>	989,756	(25,107)	138,851	(123,666)	979,834

### Segment assets and liabilities

As at 30 June 2024

	Gold Mining RMB'000 (Unaudited)	Gold Refining RMB'000 (Unaudited)	Investment Management RMB'000 (Unaudited)	Trading RMB'000 (Unaudited)	Inter- segment Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Total assets	108,875,971	4,667,765	24,016,611	22,901,542	(7,417,003)	153,044,886
Including:						
Investments in associates	2,532,628	–	4,101	–	–	2,536,729
Total liabilities	82,928,549	3,769,977	14,935,335	4,916,745	(7,417,003)	99,133,603

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 4. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

At 30 June 2023

	Gold Mining RMB'000 (Unaudited)	Gold Refining RMB'000 (Unaudited)	Investment Management RMB'000 (Unaudited)	Inter- segment Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Total assets	89,077,284	3,920,014	17,464,759	(10,610,314)	99,851,743
Including:					
Investments in associates	2,392,833	–	4,092	–	2,396,925
Total liabilities	54,824,179	3,086,166	12,461,078	(7,751,769)	62,619,654

### 5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expenses from:		
– bank borrowings	717,771	525,493
– borrowings from related parties	45,964	9,525
– corporate bonds	14,729	–
– interest charge on unwinding of discounts from provision for asset retirement obligations (note 19)	16,030	13,993
– lease liabilities	11,220	5,719
Finance costs for arranging gold leasing contracts	136,204	131,576
Realised and unrealised fair value losses on gold leasing contracts	13,271	16,334
	955,189	702,640
Less: amounts capitalised on qualifying assets	(34,024)	(323)
	921,165	702,317

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 6. INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax:		
– In the PRC	<b>857,149</b>	346,649
– Outside the PRC	<b>80,451</b>	22,890
	<b>937,600</b>	369,539
Deferred income tax	<b>(296,282)</b>	(21,681)
	<b>641,318</b>	347,858

### Notes:

- (a) The provision for PRC enterprise income tax (the "EIT") is calculated based on the statutory income tax rate of 25% (2023: 25%). The EIT is calculated based on the applicable income tax rate of 25% and the estimated tax assessable profit of each of the companies comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for the Company and certain subsidiaries which are taxed at preferential tax rate of 15% and 20% (for the six months ended 30 June 2023: 15%) based on the relevant PRC tax laws and regulations.
- (b) The estimated tax assessable profit of the Group's overseas joint operation is calculated at the statutory income tax rate in Argentina of 35% (for the six months ended 30 June 2023: 35%) in accordance with the Argentina income tax law.

In addition, the joint operation enterprise has paid withholding tax of approximately RMB33,012,000 (for the six months ended 30 June 2023: RMB13,654,000) during the six months ended 30 June 2024 on certain inter-company interest expenses paid to Shandong Gold Mining (Hong Kong) Co., Limited ("SDG Hong Kong") (a wholly-owned subsidiary of the Company) which were eliminated upon the proportional consolidation.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets	686,436	384,625
Depreciation of property, plant and equipment	1,806,331	1,377,933
Depreciation of investment properties	6,304	5,261
Depreciation of right-of-use assets	44,860	46,973
Loss on disposals/retirement of property, plant and equipment	7,352	1,427
Provision for impairment of trade and other receivables, net	(12,935)	(30,720)
Government grants	12,506	8,319
Foreign exchange loss, net	33,843	31,066
Fair value gains (losses) of financial assets at FVTPL	(27,013)	119,120
Amount of inventories recognised as expenses	39,328,015	23,865,249

### 8. DIVIDENDS

On 28 March 2024, the Board of the Company proposed the payment of a final dividend for the year ended 31 December 2023 of RMB0.14 per share to the shareholders of the Company. The dividend declared during the six months ended 30 June 2024 was approximately RMB626,280,000. The payment of dividend was resolved by an ordinary resolution at the annual general meeting of the Company on 6 June 2024, and the dividend was paid on or before 30 July 2024.

On 29 March 2023, the Board of the Company proposed the payment of a final dividend for the year ended 31 December 2022 of RMB0.07 per share to the shareholders of the Company. The dividend declared during the six months ended 30 June 2023 was approximately RMB313,140,000. The payment of dividend was resolved by an ordinary resolution at the annual general meeting of the Company on 7 June 2023, and the dividend was paid on or before 18 July 2023.

The Company has a total share capital of 4,473,429,525.00 shares. On 28 August 2024, the 65th meeting of the sixth session of the Board was held to consider and approve the Proposal on Half-Year Profit Distribution Plan for 2024 and Carrying Out the Action of "Improving Quality, Increasing Efficiency and Enhancing Returns" of the Company. A cash dividend of RMB0.80 (tax inclusive) will be distributed to all shareholders for every 10 shares, representing a total undistributed profit of RMB357,874,362.00. The above profit distribution plan has not yet been approved by the Company's general meeting.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the number of shares in issue.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	<b>1,157,558</b>	641,327
Weighted average number of shares in issues (thousands of shares)	<b>4,473,430</b>	4,473,430
Basic earnings per share (RMB per share)	<b>0.26</b>	0.14

As the Company did not have any dilutive instruments during the six months ended 30 June 2024 and 2023, the Group's diluted earnings per share was the same as its basic earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of RMB144,900,000 (six months ended 30 June 2023: RMB456,220,000).

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB10,270,000 (six months ended 30 June 2023: RMB23,013,000) for cash proceeds of RMB2,738,000 (six months ended 30 June 2023: RMB21,586,000), resulting in a loss on disposal of RMB7,352,000 (six months ended 30 June 2023: RMB1,427,000).

In addition, the Group incurred cost for construction in progress of RMB5,916,177,000 (six months ended 30 June 2023: RMB3,393,326,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

#### (a) Right-of-use assets/lease liabilities

Additions to right-of-use assets of approximately RMB103,942,000 (six months ended 30 June 2023: RMB9,967,000) and lease liabilities of approximately RMB23,071,000 (six months ended 30 June 2023: RMB9,967,000) represented the new leases entered into by the Group during the six months ended 30 June 2024.

#### (b) Amounts recognised in profit or loss

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Depreciation expenses on right-of-use assets:		
– leasehold land	64,440	24,212
– buildings	19,892	11,771
– machinery and others	14,001	10,989
	<b>98,333</b>	46,973
Interest expense on lease liabilities	11,220	5,719
Expense relating to short-term leases	39,501	37,288

### 12. INTANGIBLE ASSETS

During the current interim period, the Group acquired intangible assets of approximately RMB10,642,777,000 (six months ended 30 June 2023: RMB38,386,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
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Financial assets at FVTPL include the following:

– listed equity investments	4,841,812	5,008,796
– investments in equity funds	2,907,359	2,678,644
– structured deposits	2,904,178	1,051,488
– derivative financial assets	194,517	256,320
	<b>10,847,866</b>	<b>8,995,248</b>

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
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Analyzed as:

– listed in the PRC	4,841,812	5,265,116
– unlisted	6,006,054	3,730,132
	<b>10,847,866</b>	<b>8,995,248</b>

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
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Analyzed for reporting purpose as:

– current assets	6,112,270	4,165,391
– non-current assets	4,735,596	4,829,857
	<b>10,847,866</b>	<b>8,995,248</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 14. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

Prepayments, trade and other receivables mainly include trade receivables, notes receivable, value-added tax recoverable, prepayments and other receivables.

For trade receivables, the Group did not allow any credit term to its trade customers. Ageing analysis of trade receivables at the end of each reporting period based on invoice dates were as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	510,613	523,858
1-2 years	6,166	6,937
2-3 years	400	572
Over 3 years	6,811	8,886
	<b>523,990</b>	540,253
Less: impairment of trade receivables	<b>(33,022)</b>	(20,288)
	<b>490,968</b>	519,965

In addition, included in the trade and other receivables was deposits with exchanges and non-bank financial institutions of approximately RMB2,391,782,000 (31 December 2023: RMB2,146,204,000).

### 15. BANK BALANCES AND CASH

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash on hand	567	649
Short-term deposits of original maturity within 3 months in the banks and other financial institutions	3,085,880	2,824,652
Short-term deposits in the associate, Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司) ("SDG Group Finance")	2,567,990	3,208,782
Cash held on behalf of customers for futures contracts trading (note)	2,330,550	2,318,820
	<b>7,984,987</b>	8,352,903

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 16. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables, notes payable, contract liabilities and other payables, of which ageing analysis of trade payables at the end of each reporting period based on invoice dates were as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	2,493,035	2,602,006
1-2 years	64,587	11,092
2-3 years	5,887	5,417
Over 3 years	3,416	8,233
	<b>2,566,925</b>	2,626,748

## 17. BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to approximately RMB11,650,810,000 (six months ended 30 June 2023: RMB11,557,000,000). These loans carry interests at fixed market rates of 2.06% to 3.00% per annum, and are repayable in instalments over a period of three years. The Group obtained new bank loans amounting to approximately USD930,000,000. These loans carry interests at market rates of 5.90% to 6.54% per annum, and are repayable within one year.

Included in new bank loans as at 30 June 2024 was the issue of ultra short-term financing bonds by the Group of approximately RMB1,700,000,000 (six months ended 30 June 2023: RMB1,300,000,000). These ultra short-term financing bonds carry interests at a rate ranging from 2.06% to 2.24% and are repayable within one year.

## 18. FINANCIAL LIABILITIES AT FVTPL

The Group obtained financing through entering into gold leasing contracts with banks to lease gold from banks and subsequently sold the gold through the Shanghai Gold Exchange. Upon maturity of those lease contracts, the Group has to return to such banks with gold of the same quantity and specification, which would be usually purchased through the Shanghai Gold Exchange. The maturity periods of gold leasing contracts are generally less than one year (one year inclusive). The Group has designated the liabilities associated with such gold leasing arrangements as financial liabilities at FVTPL. Realized or unrealized fair value gain (loss) on gold leasing contracts are recognized and presented in the consolidated statement of profit or loss as "finance costs". The fair value of all gold leasing contracts is determined based on the current selling price in an active market.

The Group had also entered into certain gold forward/futures contracts for managing part of the risk associated with the fluctuation in the purchase prices of gold for its operations or managing the price risk associated with the aforesaid gold leasing contracts. These gold forward/futures contracts have also been designated as financial liabilities at FVTPL. Realized and unrealized fair values gain/loss on the gold forward/futures contracts are recognized in the consolidated statement of profit or loss as "other gains and losses, net".

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 19. PROVISION FOR ASSET RETIREMENT OBLIGATIONS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At the beginning of the period/year	842,789	733,117
Interest charge on unwinding of discounts	16,030	34,837
Additional provision	–	111,626
Payments	(5,261)	(59,632)
Change in discount rate	(16,805)	(32,663)
Currency translation differences	2,880	7,379
At the end of the period/year	<b>839,633</b>	842,789

### 20. SHARE CAPITAL

Shares, issued and fully paid:

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Number of shares thousands	Share capital RMB'000	Number of shares thousands	Share capital RMB'000
Domestic shares ("A shares") of RMB1.00 each				
– Held by Shandong Gold Group	1,687,091	1,687,091	1,687,091	1,687,091
– Held by other shareholders	1,927,353	1,927,353	1,927,353	1,927,353
	<b>3,614,444</b>	<b>3,614,444</b>	3,614,444	3,614,444
H shares of RMB1.00 each	858,986	858,986	858,986	858,986
	<b>4,473,430</b>	<b>4,473,430</b>	4,473,430	4,473,430

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 21. RELATED PARTY TRANSACTIONS

The directors of the Company consider that Shandong Gold Group, a company registered in the PRC, as the immediate holding company of the Company. The State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government is the ultimate controlling party of the Company. The Group has extensive transactions with the related parties. For the purpose of disclosure of related party transactions, to the extent possible, the Group has procedures in place to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are related parties.

Management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed below. Sales of goods and provision of services to related parties are at state-prescribed prices or prices that are also available to other customers. The Group considers that these sales are activities in the ordinary course of business. In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions and balances with related parties.

### (a) Transactions with Shandong Gold Group and its fellow subsidiaries

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Purchases of electricity	375,870	336,788
Purchases of construction services	45,743	41,800
Purchases of processing services	16,074	36,149
Purchases of gold	804,797	798,189
Purchases of exploration right	10,334,249	–
Purchases of other services	54,169	32,872
<b>Total purchases</b>	<b>11,630,902</b>	1,245,798
Interest expenses from borrowings	45,964	9,525
Sales of gold and other metals	560,544	196,594
Sales of other materials and services	6,002	104,378
<b>Total sales</b>	<b>566,546</b>	300,972
Interest income from deposits	19,731	15,094

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 21. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Property and land leasing

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Additions to right-of-use assets	10,207	59,326
Interest on lease liabilities paid	1,722	1,698
Rental fees paid to Shandong Gold Group and its fellow subsidiaries	17,547	15,770
Rental fees received from Shandong Gold Group and its fellow subsidiaries	1,120	619

#### (c) Borrowings obtained from related parties

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Borrowings obtained from SDG Group Finance:		
At the beginning of the year	1,801,700	666,000
Drawdown during the period	1,399,000	1,693,000
Repayment during the period	(1,194,600)	(1,556,300)
At the end of the period	2,006,100	802,700

The borrowings obtained from related parties are denominated in RMB and due within one period. The average interest rates as charged by the related parties are as below:

	Unaudited	
	Six months ended 30 June	
	2024	2023
Interest rates	2.2%-2.8%	2.25%-2.8%

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

## 21. RELATED PARTY TRANSACTIONS (Continued)

### (d) Period-end balances

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Receivables from related parties</b>		
Trade receivables, gross		
– Shandong Gold Group and its fellow subsidiaries	143,275	105,557
Less: provision for impairment	(6,230)	(7,051)
Trade receivables, net	137,045	98,506
Prepayments		
– Shandong Gold Group and its fellow subsidiaries	2,134	–
Other receivables, gross		
– Shandong Gold Group and its fellow subsidiaries	19,633	10,316
Less: provision for impairment	(922)	(449)
Other receivables, net	18,711	9,867
Balance with a financial institution		
– SDG Group Finance	2,567,990	3,208,782
Others included in other non-current assets		
– Shandong Gold Group and its fellow subsidiaries	1,066	6,528
	<b>2,726,946</b>	<b>3,215,310</b>
<b>Payables to related parties</b>		
Trade payables		
– Shandong Gold Group and its fellow subsidiaries	576,081	248,811
Notes payables		
– Shandong Gold Group and its fellow subsidiaries	88,589	134,244
Contract liabilities		
– Shandong Gold Group and its fellow subsidiaries	132,303	64,935
Other payables		
– Shandong Gold Group and its fellow subsidiaries	7,924,860	2,205,540
Dividend payables		
– Shandong Gold Group and its fellow subsidiaries	306,231	22,506
Lease liabilities		
– Shandong Gold Group and its fellow subsidiaries	44,108	31,094
	<b>8,983,583</b>	<b>2,707,130</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 21. RELATED PARTY TRANSACTIONS (Continued)

#### (e) Key management personnel compensation

Key management personnel includes directors (executive and non-executive) of the Company, members of the executive committee and respective department heads. The compensation paid or payable to key management personnel for employee services is shown below:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits		
– directors and supervisors of the Company	2,079	2,723
– other key management personnel	1,059	1,066
	<b>3,138</b>	3,789

#### (f) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (the “State-controlled Entities”). In addition, the Group is significant influenced indirectly by Shandong Gold Group, a state-owned enterprise established in the PRC.

The Group also conducts business with other State-controlled Entities. The directors of the Company consider those State-controlled Entities to be third parties so far as the Group’s businesses with them are concerned.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks which are the State-controlled Entities in its ordinary course of business.

The directors of the Company are of the opinion that the transactions with other State-controlled Entities are not significant to the Group’s operations.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 22. CAPITAL COMMITMENTS

Capital expenditure contracted for but not yet provided for in the interim condensed consolidated financial information of the Group at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Commitment to acquisition and construction of long-term assets	<b>640,131</b>	150,450
Significant labour contracts	<b>655,288</b>	1,155,053
	<b>1,295,419</b>	1,305,503

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values (in particular, the valuation technique(s) and inputs used) of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

	Fair value hierarchy	Fair value as at		Valuation technique(s) and key input(s)
		30 June 2024	31 December 2023	
		RMB'000 (Unaudited)	RMB'000 (Audited)	
Financial assets at FVTPL				
- Listed equity investments	Level 1	86,681	147,511	Quoted price in an active market
- Listed gold futures contracts	Level 1	194,517	256,320	Quoted price in an active market
- Listed equity investments	Level 2	4,755,131	4,861,285	Market approach – price to book ratio
- Investments in equity funds	Level 2	1,758,491	1,688,672	Quoted price in the fund's statements
- Structured deposits	Level 2	2,904,178	1,051,488	Quoted rate of return by issuing bank
- Investments in other equity funds	Level 3	997,589	851,183	Income approach
- Investments in other equity funds	Level 3	151,279	138,789	Based on net asset value ("NAV") of the investment determined based on the fair value of the underlying investment portfolio, which is comprised of discount cash flows and equity interest held by the Group
		<b>10,847,866</b>	8,995,248	
Financial liabilities at FVTPL				
- Commodity options contracts and foreign currency forward contracts	Level 1	17,398	20,141	Quoted price in an active market
- Gold leasing contracts and gold forward/futures contracts	Level 2	1,324,435	781,221	Market approach – reference to the similar contracts

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Financial assets at FVTPL – investments in other equity funds RMB'000
At 1 January 2023 (audited)	968,697
Purchases	109,732
Disposals	8,951
Realised gains in profit or loss	1,304
Unrealised gains	79,557
At 30 June 2023 (unaudited)	1,150,339
At 1 January 2024 (audited)	<b>989,972</b>
Purchases	<b>181,999</b>
Disposals	<b>56,498</b>
Realised losses in profit or loss	<b>3,331</b>
Unrealised losses	<b>30,064</b>
At 30 June 2024 (unaudited)	<b>1,148,868</b>

#### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company considered that the carrying amounts of other current financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements do not materially differ from their fair values due to their immediate or short-term maturity or the interest rates used approximate to the discount rates of relevant financial assets or financial liabilities.

## DEFINITIONS

In this interim report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB1.0 each, which are listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company;
“Board” or “Board of Directors”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules;
“China” or the “PRC” or “State”	The People’s Republic of China, excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group” or “we”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its existing subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.0 each, which are listed on the Hong Kong Stock Exchange;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“IFRS”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB);
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules;
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time;

## DEFINITIONS

“Prospectus”	the prospectus issued by the Company in connection with the Hong Kong public offering dated 14 September 2018;
“Reporting Period”	from 1 January 2024 to 30 June 2024;
“RMB”	Renminbi, the lawful currency of China;
“SDG Capital Management”	SDG Capital Management Co., Ltd. (山金金控資本管理有限公司), a limited liability company incorporated in the PRC on 14 November 2012, and a wholly-owned subsidiary of the Company;
“SDG Group”	SDG Group Co. and all of its subsidiaries;
“SDG Group Co.”	Shandong Gold Group Co., Ltd. (山東黃金集團有限公司), a limited liability company incorporated in the PRC on 16 July 1996, the controlling Shareholder of the Company; as of the date of this interim report, SDG Group Co. is held as to 70%, 20% and 10% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd.* (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Management Co., Ltd.* (山東省財欣資產運營有限公司), respectively. Shandong Guohui Investment Holding Group Co., Ltd. is a limited liability company established in the PRC and is owned as to 100% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government;
“SDG Group Finance”	Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a company incorporated in the PRC with limited liability on 17 July 2013, which is held as to 30% by the Company and 70% by SDG Group Co.;
“SDG Hong Kong”	Shandong Gold Mining (Hong Kong) Co., Limited (山東黃金礦業(香港)有限公司), incorporated in Hong Kong on 27 February 2017 with limited liability and a wholly-owned subsidiary of the Company;
“SFC”	The Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shandong Gold” or “Company”	Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司), a joint stock company incorporated in the PRC under the laws of the People’s Republic of China with limited liability on 31 January 2000, the H Shares and A Shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 1787) and the Shanghai Stock Exchange (stock code: 600547) respectively;
“Shanghai Gold Exchange”	Shanghai Gold Exchange (上海黃金交易所);
“Shanghai Stock Exchange” or “SSE”	Shanghai Stock Exchange (上海證券交易所);

## DEFINITIONS

“Shanjin International”	Shanjin International Gold Co., Ltd. (山金國際黃金股份有限公司) (formerly “Yintai Gold Co., Ltd. (銀泰黃金股份有限公司)”), a joint stock company established in the PRC with limited liability on 18 June 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000975.SZ), and a holding subsidiary of the Company;
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our A Share(s) and our H Share(s);
“Shareholder(s)”	holder(s) of the Share(s);
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“Syndicated Term Loan(s)”	the loan available under the US\$960 million term loan facilities agreement dated 20 June 2017 entered into by, among others, SDG Hong Kong and several financial institutions, for which China Merchants Bank Co., Ltd. New York Branch acted as the facility agent;
“USD”	United States dollar, the lawful currency of the United States; and
“Veladero Mine”	the Veladero Mine located in the high Andes Cordillera of central western Argentina, details of which are set out in “Appendix IV – Competent Person’s Report – RPA Report” to the Prospectus.

