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SD-GOLD

SHANDONG GOLD MINING CO., LTD.

山東黃金礦業股份有限公司

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

(Stock Code: 1787)

PROFIT WARNING

This announcement is made by Shandong Gold Mining Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. Expected Results for the 2021 Year

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review and assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**2021 Year**”) prepared pursuant to China Accounting Standards for Business Enterprises, (i) the Group expects to record a total profit for the 2021 Year; (ii) it is expected that the net loss attributable to Shareholders is in the range of approximately RMB190 million to RMB285 million, representing a decrease of RMB2,236 million to RMB2,331 million as compared with net profit attributable to Shareholders for the year ended 31 December 2020 (the “**2020 Year**”) (after retrospective adjustments) of RMB2,046 million, or a decrease of 109% to 114% year-on-year; and (iii) after excluding non-recurring profit or loss items, it is expected that the net loss attributable to Shareholders for the 2021 Year is in the range of approximately RMB510 million to RMB650 million, representing a decrease of RMB2,866 million to RMB3,006 million as compared with the Year 2020 (after retrospective adjustments) of RMB2,356 million, or 121% to 128% year-on-year.

II. Results for the 2020 Year

- (I) The acquisitions by Shandong Gold Mining (Laizhou) Co., Ltd. (山東黃金礦業(萊州)有限公司), a subsidiary of the Company, of 100% equity interest in Shandong Laizhou Ludi Gold Mine Co., Ltd. (山東萊州魯地金礦有限公司), 100% equity interest in Shandong Tiancheng Mining Co., Ltd. (山東天承礦業有限公司), 100% equity interest in Shandong Dikuang Laijin Holdings Co., Ltd. (山東地礦來金控股有限公司) and 45% equity interest in Laizhou Hongsheng Mining Investment Co., Ltd. (萊州鴻昇礦業投資有限公司) held by Shandong Gold Group Co., Ltd. (山東黃金集團有限公司) (controlling shareholder of the Company) which were completed in 2021 constituted business combinations under common control. After making retrospective adjustments, net profit attributable to Shareholders for the 2020 Year was RMB2,046 million; net profit attributable to Shareholders after deducting non-recurring profits and losses was RMB2,356 million.
- (II) The earnings per share amounted to RMB0.47.

III. Main Reasons for the Expected Net Loss Attributable to Shareholders in the 2021 Year

- (I) Impact of principal business

The Company's mines located in Shandong Province have been subject to safety inspections since early February 2021, resulting in a significant impact on production capacity, which caused a decline in the profit accordingly.

In the face of the above situation, the Company strengthened the guidance of strategic planning to set up a special task force and resume production and operation. It strengthened lean management, accelerated resource integration, strictly controlled safety and environmental protection, and efficiently promoted reform and innovation, with obvious results achieved. From the second half of 2021, the gold production of the Company's mines has gradually increased, and the aggregated gold production from November to December 2021 exceeded the gold production of the Company in the same period of 2020. Due to the impact of production reduction in the first half of 2021, the Company's gold production throughout the 2021 Year decreased by approximately 35% as compared with the 2020 Year.

(II) Effect of non-recurring profit or loss

After making retrospective adjustments, the amount of non-recurring loss of the Company for the 2020 Year was RMB310 million. The amount of non-recurring gain for the 2021 Year was approximately RMB320 million, which was mainly due to the gain on disposal of non-current assets of RMB510 million arising from the transfer by the Company of Building No. 3, Shuntai Plaza, Shunhua Road No. 2000, Jinan and the transfer of 100% equity interest in Shanghai Shengju Assets Operation and Management Co., Ltd. (上海盛鉅資產經營管理有限公司) by SDG Capital Management Co., Ltd (山金金控資本管理有限公司), a wholly-owned subsidiary of the Company, partially offset by net loss of RMB127 million on subsidiaries for the period from the beginning of the period to the date of combination arising from the business combination under common control.

As the Company is still in the process of preparing and finalizing the annual results announcement of the Group for the 2021 Year, the information contained in this announcement is only based on the Company's preliminary assessment of the unaudited consolidated management accounts of the Group for the 2021 Year (which have not been audited by the Company's auditors) based on the information currently available. Therefore, the actual results of the Group for the 2021 Year may be different from those disclosed in this announcement. Shareholders and potential investors of the Company are advised to read the annual results announcement of the Group for the 2021 Year carefully, which is expected to be published by the end of March 2022.

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

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

Jinan, the People's Republic of China
28 January 2022

As at the date of this announcement, the executive directors of the Company are Mr. Liu Qin, Mr. Wang Shuhai and Mr. Tang Qi; the non-executive directors of the Company are Mr. Li Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive directors of the Company are Mr. Wang Yunmin, Mr. Liew Fui Kiang and Ms. Zhao Feng.