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**SD-GOLD**

**SHANDONG GOLD MINING CO., LTD.**

**山東黃金礦業股份有限公司**

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

**(Stock Code: 1787)**

## **PROFIT WARNING**

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review and assessment of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2021 (the “**2021 1Q**”) prepared pursuant to China Accounting Standards for Business Enterprises, it is expected that the Group will record a loss attributable to the shareholders of the Company of between RMB250 million to RMB350 million (net profit attributable to the shareholders of the Company for the corresponding period of last year: RMB563 million). The estimated loss in results of the current period was mainly attributable to the following reasons:

(i) Impact of principal business

In early 2021, Qixia Hushan Gold Mine (栖霞市笏山金礦) of Shandong Wucailong Investment Company Limited (山東五彩龍投資有限公司) and Caojiawa Gold Mine (曹家窪金礦) of Shandong Zhaoyuan (山東招遠), two local enterprises which are not owned by the Company, encountered safety incidents. In the rescue process of the aforesaid two incidents, the Company and its controlling shareholder, Shandong Gold Group Co., Ltd., have shouldered responsibility and actively played a role as an industry leader and contributed substantially to the rescue. As a results of the aforesaid two incidents, the mines in Shandong Province owned by the Company have started to carry out safety inspections since February 2021 in accordance with the requirements of the local authorities. As of 31 March 2021, Shandong Gold Mining (Laixi) Co., Ltd. and Shandong Jinzhou Mining Group Co., Ltd. of the Company in Shandong Province have resumed normal production, the main mining areas of Sanshandao Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. (“**Sanshandao Mine**”), Dongfeng mining area of Shandong Gold Mining (Linglong) Co., Ltd. (“**Linglong Gold Mine**”), Xincheng Gold Mine of Shandong Gold Mining Co., Ltd. (“**Xincheng Gold Mine**”) and Jiaojia Gold Mine of Shandong Gold Mining (Laizhou) Co., Ltd. (“**Jiaojia Gold Mine**”), have passed the inspection and acceptance of the resumption of work and gradually resumed production. The four enterprises, namely Shandong Gold Mining (Yinan) Co., Ltd. (“**Yinan Gold Mine**”), Shandong Gold Group Penglai Mining Co., Ltd. (“**Penglai Gold Mine**”), Shandong Gold Guilaizhuang Mining Co., Ltd. (“**Guilaizhuang Gold Mine**”), Shandong Gold Mining (Xinhui) Co., Ltd. (“**Xinhui Gold Mine**”) and the other mining areas of Linglong Gold Mine in the province are planning to promote the resumption of work and production.

The four mines, namely Sanshandao Gold Mine, Jiaojia Gold Mine, Xincheng Gold Mine, Linglong Gold Mine are the Company’s domestic main gold mines, the aggregate gold production volume of these mines over the total gold production volume for the year 2020 is approximately 61%. The following four enterprises which have not received resumption acceptance, namely Yinan Gold Mine, Penglai Gold Mine, Guilaizhuang Gold Mine and Xinhui Gold Mine, the aggregate gold production volume of these mines over the total gold production volume for the year 2020 is approximately 9%. The Company’s production capacity was greatly affected due to the above-mentioned shutdown safety inspection, and the gold production volume during the 2021 Q1 has decreased by approximately 40% as compared to corresponding period of the last year. As a result, the Company’s profits decreased, resulting in a loss for the 2021 Q1.

(ii) Effect of the non-operating profit and loss

The Company’s non-recurring gains and losses amounted to RMB1,963,600 in the previous period, and the amount of non-recurring gains and losses in the current period was less than RMB2 million, which had a small impact on the current profit.

## COUNTERMEASURES

As of the date of this announcement, the main mining areas of the Company's Sanshandao Gold Mine, Xincheng Gold Mine, Linglong Gold Mine, and Jiaojia Gold Mine are affected by the control of blasting equipment by relevant authorities, and their daily production capacity has not reached the certified capacity; the four enterprises, namely Yanan Gold Mine, Penglai Gold Mine, Guilaizhuang Gold Mine and Xinhui Gold Mine, and other mining areas of Linglong Gold Mine in the province are still actively applying to the relevant authorities for the issue of work and production resumption.

1. In light of the circumstances of Company's production halt of the mines in Shandong Province for safety inspection, the Company has in a timely manner obtained the production and operation trends and created all conditions to help mines resume to work and production as soon as possible. At the same time, for the mines which have returned to production, the Company further organized the production system, acknowledged and managed the "shortcomings" in management, and supervised the mines to forcefully eliminate the "bottleneck" in the development, to achieve production target as soon as possible on the basis of work and production resumption, striving to minimize the impact of the aforementioned production halt for safety inspection on the Company's annual product and operations.
2. The Company will vigorously promote the integration of gold resources in the province, enhance the ability of gold resource reserve in all aspects, further accelerate the promotion of the "world-class exemplary mine", improve the construction speed of the "world-class gold base" in Laizhou, so as to fully contribute to the successful accomplishment of the "14th Five-Year Plan" strategic objectives.

As the Company is still in the process of preparing and finalizing the report of the Group for the 2021 1Q, 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 1Q (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 1Q may be different from those disclosed in this announcement. Shareholders and potential investors of the Company are advised to read the report of the Group for the 2021 1Q carefully, which is expected to be published by the end of April 2021.

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

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

Jinan, the People's Republic of China  
12 April 2021

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