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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS HIGHLIGHTS OF 2019

- Revenue increased to approximately RMB31,194.7 million, representing an increase of approximately 19.89% as compared to the corresponding period of last year;
- Net profit was approximately RMB709.5 million, representing an increase of approximately 15.76% as compared to the corresponding period of last year;
- The profit attributable to equity holders of the Company amounted to approximately RMB632.0 million, representing an increase of approximately 9.85% as compared to the corresponding period of last year;
- The basic earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.29, representing a decrease of approximately 6.45% as compared to the corresponding period of last year;
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019.

The Board of Directors of Shandong Gold Mining Co., Ltd. is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2019 prepared in accordance with IFRS.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**31,194,662**	26,018,565
Cost of sales		**(29,003,607)**	(24,014,955)
Gross profit		**2,191,055**	2,003,610
Other income	*5*	**3,209**	1,065
Other gains and losses		**(73,642)**	(19,223)
Impairment losses under expected credit loss model net of reversal		**(661)**	1,808
Selling and distribution expenses		**(17,501)**	(14,353)
Administrative expenses		**(736,289)**	(575,030)
Research and development costs		**(147,948)**	(79,711)
Share of profit of an associate		**22,769**	19,633
Finance income		**15,089**	17,575
Finance costs		**(314,616)**	(433,585)
Profit before income tax		**941,465**	921,789
Income tax expenses	*6*	**(231,955)**	(308,870)
Profit for the period		**709,510**	612,919
Profit attributable to:			
Equity holders of the Company		**631,967**	575,290
Non-controlling interests		**77,543**	37,629
		709,510	612,919
Basic earnings per share for the profit attributable to the equity holders of the Company *(RMB)*	*9*	**0.29**	0.31
Diluted earnings per share for the profit attributable to the equity holders of the Company *(RMB)*	*9*	**N/A**	N/A

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(Continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period	**709,510**	612,919
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss		
Share of other comprehensive losses of the associate	**–**	(49)
Exchange differences arising on translation of foreign operations	**8,593**	330
Other comprehensive income for the period, net of tax	**8,593**	281
Total comprehensive income for the period	**718,103**	613,200
Total comprehensive income for the period attributable to:		
– Owners of the Company	**640,560**	575,571
– Non-controlling interests	**77,543**	37,629
	718,103	613,200

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	*10*	**23,962,837**	23,082,902
Right-of-use assets		**516,720**	–
Investment properties		**210,393**	216,570
Land use rights		**–**	340,242
Other intangible assets		**12,124,455**	12,234,123
Goodwill		**1,179,095**	1,177,325
Interest in an associate		**1,059,914**	1,037,144
Equity instruments at fair value through other comprehensive income		**2,000**	2,000
Inventories		**325,337**	269,223
Deferred income tax assets	*11*	**156,597**	142,704
Other non-current assets		**496,961**	528,820
		40,034,309	39,031,053
Current assets			
Inventories		**4,038,104**	3,352,927
Trade and other receivables	*12*	**1,019,989**	1,058,192
Prepaid income tax		**20,218**	30,284
Pledged bank deposits		**232,585**	201,515
Bank balances and cash		**2,891,214**	1,937,718
		8,202,110	6,580,636
Current liabilities			
Trade and other payables	*14*	**4,435,602**	3,883,042
Tax liabilities		**136,096**	258,449
Borrowings	*15*	**6,483,798**	3,685,352
Other financial liabilities	*16*	**7,000,515**	–
Lease liabilities		**36,616**	–
Current portion of other non-current liabilities		**–**	11,913
Financial liabilities at fair value through profit or loss		**11,263**	6,438,726
		18,103,890	14,277,482
Net Current Liabilities		**(9,901,780)**	(7,696,846)
Total Assets less Current Liabilities		**30,132,529**	31,334,207

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS *(Continued)*
AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current liabilities			
Borrowings	*15*	**1,031,107**	2,746,822
Lease liabilities		**70,636**	–
Deferred income tax liabilities	*11*	**3,991,782**	4,097,447
Deferred income		**31,737**	12,186
Provision for asset retirement obligations		**878,179**	779,061
Other non-current liabilities		**62,012**	62,013
		6,065,453	7,697,529
Capital and Reserves			
Share capital	*17*	**2,214,008**	2,214,008
Treasury shares		**(6,385)**	(6,385)
Reserves		**9,088,516**	9,080,984
Retained earnings		**10,834,844**	10,424,278
Equity attributable to owners of the Company		**22,130,983**	21,712,885
Non-controlling interests		**1,936,093**	1,923,793
Total equity		**24,067,076**	23,636,678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2019

1. GENERAL INFORMATION

Shandong Gold Mining Co., Ltd. (the "Company") was established in the People's Republic of China ("PRC" or "China") on 31 January 2000 as a joint stock company with limited liability under the Company Law of the PRC by Shandong Gold Group Co., Ltd. ("SDG Group Co" or the "Parent Company"), Shandong Zhaojin Group Co., Ltd., Shandong Laizhou Gold (Group) Co., Ltd., Jinan Yuquan Development Center (subsequently renamed as Jinan Yuquan Development Co., Ltd.) and Rushan Gold Mine (subsequently renamed as Shandong Jinzhou Mining Group Co., Ltd.).

The A shares of the Company have been listed on the Shanghai Stock Exchange since August 2003. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since September 2018.

The Company and its subsidiaries, hereinafter collectively referred to as the "Group". The Group is principally engaged in mining and processing of gold, sale of gold products, manufacturing and sale of building decoration materials. The address of the Company's registered office is Building No. 3, Shuntai Square, No. 2000 Shunhua Road, Jinan, Shandong Province, the PRC.

The condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRS

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to IFRS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

2.2 Transition and summary of effects arising from initial application of IFRS 16

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amounts under IFRS 16 at 1 January 2019** ***RMB'000***
Non-current assets			
Land use rights	340,242	(340,242)	**–**
Right-of-use assets	–	453,947	**453,947**
Other non-current assets	528,819	(15,463)	**513,356**
Current assets			
Trade and other receivables	1,058,192	(231)	**1,057,961**
Non-current liabilities			
Lease liabilities	–	(99,334)	**(99,334)**
Other non-current liabilities	(62,013)	1,323	**(60,690)**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue		
Sale of goods and services	**31,186,695**	26,010,790
Rental income	**7,967**	7,775
	31,194,662	26,018,565

A For the six months ended 30 June 2019

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June
	RMB'000
Revenue from contracts with customers	
Gold	**30,996,370**
Silver	**79,113**
Others	**111,212**
	31,186,695
Geographical markets	
The PRC	**30,071,662**
Outside the PRC	**1,115,033**
	31,186,695
Timing of revenue recognition	
A point in time	**31,186,695**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June 2019 (Unaudited)		
	Segment Revenue	**Adjustments and eliminations**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***
Gold	**35,340,445**	**(4,344,075)**	**30,996,370**
Silver	**90,682**	**(11,569)**	**79,113**
Others	**151,040**	**(39,828)**	**111,212**
Revenue from contracts with customers	**35,582,167**	**(4,395,472)**	**31,186,695**
Total revenue	**35,582,167**	**(4,395,472)**	**31,186,695**

B ***For the six months ended 30 June 2018***

Disaggregation of revenue from contracts with customers

	Unaudited Six months ended 30 June *RMB'000*
Revenue from contracts with customers	
Gold	25,805,291
Silver	85,300
Others	120,199
	26,010,790
Geographical markets	
The PRC	24,709,447
Outside the PRC	1,301,343
	26,010,790
Timing of revenue recognition	
A point in time	26,010,790

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June 2018 (Unaudited)		
	Segment Revenue *RMB'000*	Adjustments and eliminations *RMB'000*	Consolidated *RMB'000*
Gold	29,597,799	(3,792,508)	25,805,291
Silver	97,836	(12,536)	85,300
Others	137,864	(17,665)	120,199
Revenue from contracts with customers	29,833,499	(3,822,709)	26,010,790
Total revenue	29,833,499	(3,822,709)	26,010,790

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Six months ended 30 June 2019 (Unaudited)

	Gold Mining *RMB'000*	**Gold Refining** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue	**5,656,146**	**29,933,989**	**(4,395,473)**	**31,194,662**
Segment profit	**2,067,811**	**135,057**	**(11,813)**	**2,191,055**
Unallocated other income, gains and losses, net				**(70,433)**
Share of profit of an associate				**22,769**
Unallocated administrative costs				**(736,289)**
Unallocated research and development costs				**(147,948)**
Unallocated selling and distribution expenses				**(17,501)**
Impairment losses, net of reversal				**(661)**
Finance income				**15,089**
Finance costs				**(314,616)**
Profit before tax				**941,465**

Six months ended 30 June 2018 (Unaudited)

	Gold Mining *RMB'000*	Gold Refining *RMB'000*	Inter-segment elimination *RMB'000*	Consolidated *RMB'000*
Segment revenue	5,297,369	24,543,905	(3,822,709)	26,018,565
Segment profit	1,893,333	110,277	–	2,003,610
Unallocated other income, gains and losses, net				(18,158)
Share of profit of an associate				19,633
Unallocated administrative costs				(575,030)
Unallocated research and development costs				(79,711)
Unallocated selling and distribution expenses				(14,353)
Impairment losses, net of reversal				1,808
Finance income				17,575
Finance costs				(433,585)
Profit before tax				921,789

5. OTHER INCOME

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Other income:		
Government grants	**3,209**	1,065

6. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax *(note (a))*	**283,671**	236,006
Outside the PRC *(note (b))*	**85,047**	157,892
Under provision in prior year		
PRC Enterprise Income Tax	**(25,089)**	(14,327)
Deferred taxation	**(111,674)**	(70,701)
	231,955	308,870

(a) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years except for the Company and certain subsidiaries which are taxed at preferential tax rate of 15% (2018: 15%) based on the relevant PRC tax laws and regulations.

(b) The estimated tax assessable profit of the Group's overseas joint operation (i.e. the AGBII Group) is taxed at the statutory income tax rate in Argentina of 30% (2018: 30%) in accordance with the Argentina income tax law. In addition, the joint operation has paid withholding tax of approximately RMB20,137,000 (2018: RMB19,577,000) during the six months ended 30 June 2019 on certain inter-company interest expenses paid to SDG Hong Kong (a subsidiary incorporated in Hong Kong in February 2017) which were eliminated upon the proportional consolidation.

7. PROFIT FOR THE PERIOD

Expenses included in cost of sales, selling expenses, general and administrative expenses and research and development costs are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as expense in cost of sales	**(149,526)**	(61,684)
Raw materials and consumables used	**26,536,041**	21,450,082
Employee benefit expenses (including directors' emoluments)	**1,439,295**	1,004,934
Depreciation for property, plant and equipment	**1,085,598**	986,668
Depreciation of right-of-use assets	**27,138**	–
Amortisation for other intangible assets	**236,147**	303,773
Amortisation of land use rights	**–**	5,455
Amortisation of long-term rental prepayments	**–**	5,181
Provision for/(reversal of) impairment of trade and other receivables, net	**661**	–
Auditor's remuneration	**1,868**	1,800
Others	**728,784**	987,840
Total cost of sales, selling expenses, general and administrative expenses and research and development costs	**29,906,006**	24,684,049

8. DIVIDENDS

During the current interim period, the final dividend of RMB221,400,830 in respect of the year ended 31 December 2018 (2018: final dividend of RMB73,764,149 in respect of the year ended 31 December 2017), was approved by shareholders in the annual general meeting in June 2019.

The Board of directors does not recommend the payment of a dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to the owners of the Company	**631,967**	575,290
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,214,008**	1,850,734
Basic earnings per share (RMB per share)	**0.29**	0.31
Diluted earnings per share (RMB per share)	**N/A**	N/A

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB8,372,180 (six months ended 30 June 2018: RMB38,421,000) for cash proceeds of RMB2,356,607 (six months ended 30 June 2018: RMB29,925,000), resulting in a loss on disposal of RMB6,015,573 (six months ended 30 June 2018: RMB8,496,000).

During the current interim period, the Group entered into 4 new lease agreements for the use of leasehold lands, buildings and equipments for 1.25-15 years. The Group is required to make fixed annual payments. On lease commencement, the Group recognized RMB24,514,316 of right-of-use asset and RMB24,514,316 lease liability.

During the current interim period, the Group acquired property, plant and equipment of RMB525,433,063 (six months ended 30 June 2018: RMB378,458,000).

In addition, the Group incurred costs for construction in progress of RMB1,434,729,611 (six months ended 30 June 2018: RMB1,303,988,000).

11. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The followings are the major deferred income tax assets recognised and movements thereon during the current and preceding interim periods:

	Property, plant and equipment *RMB'000*	Unrealised profit *RMB'000*	Financial liabilities at fair value through profit or loss *RMB'000*	Provision for impairment *RMB'000*	Tax losses *RMB'000*	Provisions for asset retirement obligations *RMB'000*	Intercompany Interest payable and withholding tax *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2018	163,180	–	28,615	42,621	–	48,803	849	16,486	300,554
Credited/(charged) to profit or loss	6,057	2,729	(28,615)	200	50,409	63,834	72,327	(8,334)	158,607
Currency translation differences	–	–	–	–	–	4,884	3,045	254	8,183
At 31 December 2018	169,237	2,729	–	42,821	50,409	117,521	76,221	8,406	467,344

	Property, plant and equipment ***RMB'000***	**Unrealised profit** ***RMB'000***	**Financial liabilities at fair value through profit or loss** ***RMB'000***	**Provision for impairment** ***RMB'000***	**Tax losses** ***RMB'000***	**Provisions for asset retirement obligations** ***RMB'000***	**Intercompany Interest payable and withholding tax** ***RMB'000***	**Others** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2019	**169,237**	**2,729**	**–**	**42,821**	**50,409**	**117,521**	**76,221**	**8,406**	**467,344**
Credited/(charged) to profit or loss	**1,570**	**721**	**16,054**	**(2,523)**	**(25,000)**	**2,104**	**58**	**141**	**(6,875)**
Currency translation differences	**–**	**37**	**–**	**–**	**–**	**225**	**100**	**4,855**	**5,217**
As at 30 June 2019 (Unaudited)	**170,807**	**3,487**	**16,054**	**40,298**	**25,409**	**119,850**	**76,379**	**13,402**	**465,686**

The followings are the major deferred income tax liabilities recognised and movements thereon during the current and preceding interim periods:

	Mining and exploration rights *RMB'000*	Financial liabilities at fair value through profit or loss *RMB'000*	Property, plant and equipment *RMB'000*	Inventories *RMB'000*	Total *RMB'000*
At 1 January 2018	(2,002,059)	(13,277)	(2,134,778)	(133,415)	(4,283,529)
Credited/(charged) to profit or loss	67,324	13,277	(61,720)	(39,397)	(20,516)
Currency translation differences	–	–	(109,825)	(8,217)	(118,042)
At 31 December 2018	(1,934,735)	–	(2,306,323)	(181,029)	(4,422,087)

	Mining and exploration rights ***RMB'000***	**Property, plant and equipment** ***RMB'000***	**Inventories** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2019	**(1,934,735)**	**(2,306,323)**	**(181,029)**	**(4,422,087)**
Credited/(charged) to profit or loss	**40,103**	**50,312**	**28,134**	**118,549**
Currency translation differences	**–**	**(3,185)**	**5,852**	**2,667**
As at 30 June 2019 (Unaudited)	**(1,894,632)**	**(2,259,196)**	**(147,043)**	**(4,300,871)**

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred income tax assets and liabilities have been offset. The following is the analysis of the deferred income tax balances for financial reporting purposes:

	30 June 2019 ***RMB'000*** **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Deferred income tax assets	**156,597**	142,704
Deferred income tax liabilities	**(3,991,782)**	(4,097,447)
	(3,835,185)	(3,954,743)

As at the end of the current interim period, the Group has unused tax losses of RMB565,118,572 (31 December 2018: RMB542,024,362) available for offset against future profits. As at the end of the current interim period, a deferred income tax asset of RMB50,409,397 (31 December 2018: RMB50,409,397) in respect of tax losses of RMB304,952,362 (31 December 2018: RMB304,952,362) has been recognised. No deferred income tax asset has been recognised in respect of the remaining tax losses of RMB260,166,210 (31 December 2018: RMB237,072,000) due to the unpredictability of future profit streams. Unrecognised tax losses will expire in the following years:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
2019	**20,755**	20,755
2020	**63,930**	63,930
2021	**98,804**	98,804
2022	**37,185**	37,185
2023	**16,398**	16,398
2024	**23,094**	–
	260,166	237,072

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Trade receivables		
– related parties	**24,023**	25,212
– third parties	**193,036**	554,218
	217,059	579,430
Less: provision for impairment of trade receivables	**(8,712)**	(8,341)
Trade receivables – net	**208,347**	571,089
Notes receivable	**2,424**	522
Prepayments		
– related parties	**27,667**	1,777
– third parties	**308,391**	162,376
	336,058	164,153
Amounts due from related parties	**26,557**	19,396
Deposits	**64,954**	26,319
Payments on behalf of third parties	**41,756**	39,599
Advances to staff	**10,445**	1,703
Others	**109,247**	50,249
	252,959	137,266
Less: provision for impairment of other receivables	**(85,233)**	(87,143)
Other receivables – net	**167,726**	50,123
Value-added tax recoverable	**305,434**	272,305
Total	**1,019,989**	1,058,192

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Within 1 year	**204,238**	567,539
1–2 years	**1,087**	4,577
2–3 years	**4,485**	69
Over 3 years	**7,249**	7,245
	217,059	579,430

13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

	Unaudited Six months ended 30 June	
	2019 *RMB'000*	2018 *RMB'000*
Impairment loss recognized in respect of:		
trade receivables	**371**	197
other receivables	**290**	(2,005)
	661	(1,808)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
– related parties	**852,210**	822,583
– third parties	**30,852**	31,171
	883,062	853,754
Notes payable	**646,861**	631,643
Payable for purchases of property, plant and equipment and mining rights	**821,235**	832,471
Deposits received from contractors	**367,380**	302,977
Purchase consideration payable	**204,018**	179,418
Contract liabilities	**120,047**	79,118
Other taxes payable	**83,052**	82,895
Dividends payable	**–**	36,329
Amounts due to related parties	**429,542**	551,908
Salaries and staff welfare payable	**320,664**	122,864
Interest payable	**–**	57,484
Payable for underwriting and service fees in connection with the initial public offerings of the Company's H shares	**65,719**	72,772
Others	**494,022**	79,409
Total	**4,435,602**	3,883,042

The following is an analysis of trade payables by age, presented based on the invoice date.

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**810,392**	823,115
Over 1 years	**72,670**	30,639
	883,062	853,754

15. BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB1,824,964,000 (31 December 2018: RMB4,801,952,000). The loans carry interest at fixed market rates of 4.09%-4.35% per annum and are repayable in instalments over a period of 1 year. The proceeds were used to operating activities and finance the acquisition of property, plant and equipment.

16. OTHER FINANCIAL LIABILITIES

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Gold lease	**7,000,515**	–

Note: The Company enters into gold leasing contracts and forward gold purchase contracts with the same bank with same specifications and maturity date. The gold leasing contracts and the forward gold purchase contracts are a package transaction. When one of the contracts changes or terminates early, the other contracts will change or terminate as well, and the two contracts will be processed at the same time. Therefore, the Company believes that the risk of gold price fluctuation during the gold lease period is entirely borne by the bank, and only the agreed gold rental fees and related handling fees are borne by the Company. Therefore, the Company classifies such transactions as other financial liabilities.

17. SHARE CAPITAL

	Number of shares *'000* (Unaudited)	**Share capital** *RMB'000* (Unaudited)
Authorised		
– Ordinary shares of RMB1.00 each A share:	1,857,119	1,857,119
– Ordinary shares of RMB1.00 each H share:	356,889	356,889
	2,214,008	2,214,008
Issued and fully paid		
As at 30 June 2019 and As at 1 January 2019		
– Ordinary shares of RMB1.00 each A share:	1,857,119	1,857,119
– Ordinary shares of RMB1.00 each H share:	356,889	356,889
	2,214,008	2,214,008
As at 30 June 2019		
– Ordinary shares of RMB1.00 each A share:	1,857,119	1,857,119
– Ordinary shares of RMB1.00 each H share:	356,889	356,889
	2,214,008	2,214,008

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Company's:

- **revenue** increased by 19.89% to approximately RMB31,194.7 million from approximately RMB26,018.6 million for the same period in 2018; which was mainly due to the increase in sales price of self-produced gold, as well as the increase in both sales price and sales volume of purchased gold.

- **cost of sales** increased by 20.77% to approximately RMB29,003.6 million from approximately RMB24,015.0 million for the same period in 2018, which was mainly due to the increase in the cost of purchased gold.

- **gross profit** increased by 9.36% to approximately RMB2,191.1 million from approximately RMB2,003.6 million for the same period in 2018, which was mainly due to the increase in the gross profit from sales of the Company's self-produced gold and purchased gold.

- **net current liabilities** increased to approximately RMB9,901.8 million from approximately RMB7,696.8 million as at 31 December 2018. The increase in net current liabilities was mainly due to (1) the long-term borrowings of SDG Hong Kong of approximately RMB2,062.4 million due within one year during the current period, which was reclassified to current liabilities; (2) the bonds payable by the Company of approximately RMB688.3 million due within one year at the end of the current period, which was reclassified to current liabilities; (3) the increase in cash and cash equivalents of approximately RMB953.5 million at the end of the period as a result of the issuance of green bonds and the smooth collection of receivables from operating activities during the current period.

LIQUIDITY AND CAPITAL RESOURCES

The industry in which the Company operates is a capital-intensive industry. The liquidity requirements of the Company mainly arise from the expansion of its mining and processing businesses, exploration activities and financial funds required for acquisition of exploration and mining permits. Major sources of capital of the Company are mainly, including but 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 Company depends, to a large extent, on the cash flows generated from its operating activities and its ability to repay debts by obtaining external financing as and when the debts fall due, and the requirements of the Company for future operating and capital expenditure.

As at 30 June 2019, the retained earnings of the Company amounted to approximately RMB10,834.8 million and current borrowings amounted to approximately RMB6,483.8 million. The cash balance of the Company as at 30 June 2019 was approximately RMB2,891.2 million. Based on the following considering factors, the Directors were of the opinions 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; (b) the Group has been maintaining long-term business relationship with its principle bankers.

In the opinions of the management, the forecast operating cash flows will be sufficient for the operation of the Company for the next 12 months, including its planned capital expenditure and current debt repayment. The borrowings of the Company include short term loans due to related parties in an aggregate amount of approximately RMB218.1 million from SDG Group Finance at an interest rate of 4.35% per annum.

Borrowings of the Company also include corporate bonds, of which include the Company's corporate bond (the second tranche). In relation to the Company's corporate bond (the second tranche), there were 13,000,000 units of corporate bonds at the par value of RMB100.0 each issued on 30 March 2015, generating total proceeds of RMB1,300.0 million. These corporate bonds carried an interest rate of 4.80% per annum, interest payments would be due on 30 March each year for the subsequent five years, the effective interest rate was 4.94% per annum, and these bonds will be due for full repayment on 30 March 2020. The current outstanding balance of the Company's corporate bond (the second tranche) is approximately RMB688.3 million. Meanwhile, the Company had arrangements of bank loans of approximately RMB5,609.4 million through a number of banks in the PRC with interest rates ranging from 3.64% to 4.79% per annum.

On 13 August 2018, the Shareholders approved our proposal to issue green bonds in accordance with the relevant CSRC laws and regulations. The fixed-rate green bonds with a term of three years and the issuance size of RMB1.0 billion were issued in March 2019. The issuance of the bonds had been completed on 22 March 2019. The coupon rate of the bonds was determined at 3.85%. For further details, please refer to the Company's announcements published on 4, 19, 21 and 22 March 2019. As at the date of this announcement, the proceeds from the bonds after deducting the issuance expenses in the sum of RMB640 million has been used for the operation of the comprehensive recycling project of gold concentrate and the Company's green mines. The current idle capital in the sum of RMB360 million has been temporarily utilised to supplement working capital of the Company for not more than 12 months and shall in any event be promptly reallocated to the operation of the comprehensive recycling project of gold concentrate and the Company's green mines whenever such funds are required. For details, please refer to the board resolutions stated in the overseas regulatory announcement of the Company dated 21 June 2019.

Moreover, the Company utilised the following sources of capital to finance the Veladero Acquisition: (i) obtaining the Syndicated Term Loan of US$740.0 million; and (ii) obtaining a term loan of US$300.0 million from the China Development Bank Corporation, Hong Kong Branch ("**China Development Bank**"). The interest rate of the Syndicated Term Loan was LIBOR plus 1.25%, and the interest rate of the term loan from China Development Bank was LIBOR plus 1.23%. As at 30 June 2019, approximately RMB4,506.1 million of the proceeds raised from the listing of our H Shares on the Hong Kong Stock Exchange have been utilised to fully repay the three-year Syndicated Term Loan.

CASH FLOWS

The table below sets out selected cash flow information extracted from the consolidated cash flow statement for the six months ended 30 June 2019 and 30 June 2018:

	For the six months ended 30 June 2019 ***(RMB million)***	For the six months ended 30 June 2018 *(RMB million)*
Net cash generated from operating activities	**1,830.7**	1,824.1
Net cash (used in) investing activities	**(2,097.0)**	(1,417.2)
Net cash (used in)/generated from financing activities	**1,219.0**	(217.5)
Net increase in cash and cash equivalents	**952.7**	189.4
Exchange gains/(losses) on cash and cash equivalents	**747.0**	1.4
Cash and cash equivalents at the end of the period	**2,891.2**	2,593.6

Operating cash flows

For the six months ended 30 June 2019, the amount of net cash flow generated from operating activities was approximately RMB1,830.7 million, reflecting a cash amount of approximately RMB2,289.5 million was generated from operations, a tax amount of approximately RMB473.9 million was paid and an interest amount of approximately RMB15.1 million was received.

Investment cash flows

For the six months ended 30 June 2019, the amount of net cash used in investing activities by the Company was approximately RMB2,097.0 million, which mainly referred to the purchase of properties, plant and equipment of approximately RMB1,888.5 million and the payment for the settlement of gold future and forward contracts in the amount of approximately RMB53.4 million.

Financing cash flows

For the six months ended 30 June 2019, the amount of net cash generated in financing activities by the Company was approximately RMB1,219.0 million, mainly referred to the proceeds of bank borrowings in the amount of approximately RMB1,825.0 million, the proceeds of borrowings from related parties in the amount of approximately RMB178.7 million, and the proceeds from arrangement of gold leasing contracts in the amount of approximately RMB4,765.6 million. It was partially offset by repayment of bank borrowings in the amount of approximately RMB1,355.0 million, the settlement of gold leasing arrangements in the amount of approximately RMB4,251.9 million and repayment of borrowings from related parties in the amount of approximately RMB569.0 million.

ASSETS AND LIABILITIES

The table below sets out selected information extracted from the Company's balance sheets for the six months ended 30 June 2019 and 30 June 2018:

	For the six months ended 30 June 2019 ***(RMB million)***	For the six months ended 30 June 2018 *(RMB million)*
Non-current assets	**40,034.3**	36,954.4
Current assets	**8,202.1**	6,775.6
Equity attributable to owners of the Company	**22,131.0**	16,967.4
Non-controlling interest	**1,936.1**	1,052.6
Non-current liabilities	**6,065.5**	11,885.1
Current liabilities	**18,103.9**	13,825.8
Net current liabilities	**9,901.8**	7,049.2
Total assets less current liabilities	**30,132.5**	29,905.2

CAPITAL EXPENDITURE

The capital expenditure of the Company mainly relates to the acquisition of mining and exploration permits, property, plant and equipment, land use right and intangible assets, and investment properties. For the six months ended 30 June 2019, in the contracted but not incurred capital expenditure of the Company, the total amount for the acquisition of mining and exploration permits, property, plant and equipment, was RMB566.0 million.

MAJOR INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2019, the Company had no major investments (including investments with an asset ratio of more than 8% in any entities) 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 continuous growth of the Company.

As at 30 June 2019, the Company has provided two counter-guarantees for SDG Hong Kong in a sum of US$500.0 million in favour of China Development Bank for resolving the operating capital requirements for Veladero gold mine project in Argentina. Other than that, during the Reporting Period, there was no financial assistance to affiliated companies of the Company, or guarantee given for facilities granted to affiliated companies of the Company which together in aggregate exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Hong Kong Listing Rules.

PLEDGE OF ASSETS

Save as disclosed in other parts of Management Discussion and Analysis, the Company did not pledge any assets as at 30 June 2019.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2019 (corresponding period of 2018: Nil).

BUSINESS REVIEW

The Company's Main Business, Operating Model and Conditions of the Industry during the Reporting Period

The main business operations of the Company during the Reporting Period

During the Reporting Period, the Company's approved business scope was mainly mining, beneficiation of gold, production and sales of specialised equipment for gold mines and construction and decoration materials (excluding products restricted by national laws and regulations). The business scope covers geological prospecting, mining, beneficiation of gold, refining, processing, production and sales of precious metals, non-ferrous metal products, gold and jewelry accessories. The Company also engages in the production and sales of specialised equipment and materials for gold mines and construction materials. The Company mainly produces standard gold bullions and investment gold bars, silver ingots and other products of various specifications.

Operating Model

During the Reporting Period, the Company strictly adhered to the development philosophy of "resources are the unshakable fundamental interests of enterprises". Relying on the existing mines, the Company on the one hand further strives to improve the comprehensive utilisation rate of resources, continuously enhance the strength in the integration of mineral resources and on the other hand intensify our efforts in increasing gold reserves through exploration activities and conduct overseas resource mergers and acquisitions, make great efforts in safe production, enhance internal management and further improve the operational and control model of "the headquarters in charge of strategy, the business department in charge of coordination and the tertiary enterprises are responsible for implementation". The Company continues its work efforts in large-scale operation and technological innovation, with the level of production equipment and mechanisation of mining enterprises continues to maintain a high ranking position in the domestic mining industry. The underground trackless mining equipment configuration has also reached an advanced level in the world. The Company's existing production mines ranked the first in various aspects: including the accumulated production of 100 tonnes of gold in China – Jiaojia Gold Mine and Linglong Gold Mine; the first enterprise launching "World-class Exemplary Mine" in China – Sanshandao Gold Mine; the first digitalised mine in China – Jiaojia Gold Mine; the first mining company rated as the "National Environmental Friendly Enterprise" in China – Xincheng Gold Mine; a leading company in China in terms of mine gold trading volume – Shandong Gold Smelting Co., Ltd.

Relying on the three major laboratories namely, the deep underground mining laboratory, filling laboratory and beneficiation laboratory, the Company strengthens the construction of key laboratories, proactively promotes the key R&D programmes under the national "13th Five-Year Plan", improves the technological and innovative achievements transformation rate and provides strong technical supports for the Company's development. At present, the Company utilises its resource advantages in Zhaoyuan and Laizhou regions of Shandong Province to conduct overall planning, striving to become a domestic gold production giant. Meanwhile, a 10,000-tonne gold production base of the Company in Zhaoyuan and Laizhou regions is developing in an orderly and steady progress with the related R&D and planning programme under discussion and optimization.

The construction of high standards "World-class Exemplary Mine" has achieved phased results in terms of smart mines, intrinsically safe mines, green ecological mines, deep well mines and human mines construction. It has significantly improved the production cost and overall efficiency, promoted gold production and economic efficiency to a higher level, and to a certain extent created an exemplary effect for the whole gold industry. The Company made an all-out effort to promote its mining equipment company on the construction of Laizhou Industrial Park project, to build the most competitive high-end domestic mining equipment manufacturer under the "SDG Heavy Industry(山金重工)" brand, and accelerate the nurturing of new development drivers. We will consciously put our green development philosophy into practice through promoting the construction of green mines proactively, with an aim that all the mines of the Company can meet the national green mine standard by the end of the "13th Five-Year Plan", and persistently improve the international influence of "Shandong Gold, Ecological Mining".

Industry Development and Position in the Industry

Since the beginning of 2019, the growth of the global economy has slowed down in general, the monetary policies of major economies have gradually been loosened, the trade dispute between China and the United States has escalated and the relationship between the United States and Iran has been in tension, all of which contributed to the significant rise of the international gold price. Under such circumstances, since the second half of last year, the globe has set off a new round of upsurge of mergers and acquisitions among the gold industry. From the mid and long-term perspective, the gold price will continue to demonstrate a volatile upward trend in the next few years. The global gold mining industry will experience another new era of prosperity.

In view of the weak global macro-economy and the domestic economy under structural adjustment, the gold industry has actively responded to the high-quality development requirements in new era and deepened the structural reform at the supply side, eliminated backward production capacity, optimized industrial structure, integrated high-quality gold resources and promoted technological innovation.

The China Gold Association statistics show that in the first half of 2019, the gold produced with domestic raw materials was 180.68 tonnes, which indicates a decrease of 9.60 tonnes as compared with the same period of 2018, representing a year-on-year decrease of 5.05%, among which, the gold produced from gold mines was 153.89 tonnes, representing a year-on-year decrease of 4.78%. Under the overall downward trend of the mine gold production in China, the total production of mine gold among major gold groups in gold industry was 73.11

tonnes, which maintains a year-on-year increase of 3.19%. The aforementioned statistics account for 47.51% of the national mine gold production, representing an increase of 3.67 percentage points as compared with the same period of 2018. Shandong Gold always takes "quality first and efficiency first (品質第一、效益優先)" as the key to achieve "high quality" development, constantly promotes technological innovation, optimize industrial structure and strengthen production management. The gold production of Shandong Gold maintained growth. In the first half of 2019, its gold production was 20.51 tonnes, an increase of 5.91% as compared with the same period of 2018, which continues to lead the gold industry in China.

Analysis on the Core Competitiveness during the Reporting Period

Strategic Advantage

The Company adheres to strategy-led development, continues to enhance strategic practice and maintain focus on its strategy. All the work has always been centered on the strategic goal of "optimising and expanding to become the top ten gold mining enterprises in the world in respect of comprehensive strength". The Company shall actively facilitate and continue to optimise its stock, increase its resources, endeavor to increase the output capacity and output scale, actively cultivate differentiated competitive advantages and take the new development path with emphasis on high efficiency, energy saving and environmental protection. In 2019, the Company is committed to strengthen and expand its main business, to accelerate overseas mergers and acquisitions and proactively expand high-quality resources. The Company's long-term production was guaranteed through tapping corporate internal potentials; promotion of precision management in a comprehensive way to enhance its production efficiency and cost competitiveness. The Company increased investment in research and development ("**R&D**") to improve the level of technology contribution; adhered to the "double zero" goal of safety and environmental protection in order to achieve green and ecological development. In addition, the Company accelerated the transformation of old growth drivers with new ones and adhered to the improvement of traditional growth drivers through the management upgrading, and institutional innovation and transformation of system and mechanism, striving to build more powerful growth drivers to ensure the Company's sustainable, efficient and stable development.

Resources Advantage

Shandong is a large province in respect of gold resources and gold production. In terms of resources and reserves, the Jiaodong Peninsula gold mine concentrates 1/4 of the gold reserves in China, of which more than 90% are concentrated in Zhaoyuan and Laizhou regions. In addition, the regions have considerable prospective of resources/reserves. The Company has firmly established the concept of "resources first", and in accordance with the "domestic exploration and outsourcing" principle, continuously increases its domestic exploration efforts and proactively carries out resource acquisitions. In 2019, the Company closely followed the construction progress of key projects, commenced the resources integration and development plan along the Jiaojia Gold Mining Belt and Sanshandao Gold Mining Belt, consolidated and enhanced the Company's resource reserves in the Jiaodong area and built a solid resource foundation for the creation of a world-class gold production base in the Jiaodong area. At the same time, the project of 100% equity interests in SD Gold Capital Management Co., Ltd. ("**SDG Capital Management**") was launched and acquired in cash, which further realized the Company's gold industry chain, facilitated the integration of production and financing and enhanced the Company's core competitiveness and market influence. The Company unswervingly implemented the "going global" strategy, proactively participated in global resource allocation with an open and inclusive attitude, and completed preliminary investigations or due diligence for multiple projects, which provided strong backing for the Company's comprehensive development, utilisation of mineral resources and sustainable development.

Advantage in the Company's Structure and Scale

The Company is mainly engaged in the development and processing of gold mineral resources. The Company's existing production mines ranked the first in the world in many aspects: including "Jiaojia Gold Mine", the first digitalised underground mine in China, "Jiaojia Gold Mine" and "Linglong Gold Mine", both are mines of domestical cumulative gold production of over 100 tonnes, "Sanshandao Gold Mine", one of the mines with the highest equipment level and degree of mechanisation in China, "Xincheng Gold Mine", the first mining company rated as the "National Environmental Friendly Enterprise" in China, "Shandong Gold Smelting Co., Ltd.", a leading company in China in terms of mine gold trading volume etc. As of now, the Company is the only listed company with two mining enterprises with accumulated gold production exceeding 100 tonnes in China. Jiaojia Gold Mine, Sanshandao Gold Mine, Xincheng Gold Mine and Linglong Gold Mine have been on the list of "China Top Ten Gold Production Mines" for many consecutive years.

Advantage in Technological Innovation

The Company follows the policy of "science and technology are the primary productive forces" and the main focus of mastering the cutting-edge core technologies of mining industry, treats increasing the investment in R&D and undertaking or participating in the national key R&D projects as the stepping stone to facilitate the construction of its independent innovation platform while adhering to the direction of independent innovation. On the basis of integrating existing R&D institutions such as the original laboratories and the mining technology talent teams such as the "Deep Underground Mining Key Technology Research and Innovation Team", the Company actively organized work activities with the Shandong Provincial Technology Innovation Center in order to further enhance its independent innovation capability and lay a solid foundation for new breakthroughs in key technology research and development. The Company has mastered underground exploration, deep mining, offshore seabed mining, smart mining, harmless treatment of cyanide residue, refining, all of which are leading technologies in the industry. As at the end of the first half of 2019, the Company had 206 valid patents, including 70 patents for invention. The Company proactively undertook and participated in the projects (topics) in relation to "deep resources exploration and mining", which is a key project under the national "13th Five-Year Plan", among which, the "R&D and Exemplary Project of Key Technologies for Green Mining of Deep Metal Mines" project will focus on developing a green mining model and evaluation system for deep metal mines, and establish a super large exemplary green mine with a depth of below 1,000 meters and 3.3 million tonnes per year in Sanshandao Gold Mine, which is expected to play an important role in effectively improving the overall recycling level of China's resources, realizing the harmonious development of the deep metal mining and ecological environment and guiding the transformation and upgrading of the traditional mining industry in the right direction towards green mining industry.

Talent Advantage

Shandong Gold promotes the core values of "Fairness, Openness, Integrity, Responsibility, Accommodation and Harmony", aiming to achieve the ideal goal of "benefiting as many individuals as possible and benefit as much as possible from the existence of Shandong Gold". Shandong Gold advocates to be people-oriented and unleashing the full potential of its employees; its employment mechanism is composed of internal trainings, external recruitment, reflux of talent, and competitive recruitment to stimulate vitality. At the same time, the Company made full use of the market mechanism to vigorously implement talent project, innovative talent climbing project, high-end talent introduction project, skilled talent training project, talent counterpart assistance project, recruitment of talents through extensive channels, all-round training of talents, and motivation of talents through multiple initiatives, resulting in continuous improvement of the number, quality and structure of talent team. Through scientific methods to complete the establishment of the Company's professional and technical post ranking system offers a smooth professional development channel for professional and technical personnel; vigorously select young cadres under 40 further optimizes the Company's talent echelon construction.

Brand Advantage

In 2019, following the guidance of the mid-term adjustments of the "13th Five-Year Plan", Shandong Gold dug deep into the scale of production capacity, seized the cost potential, expanding its gold business, optimized internal management and accelerated the penetration of overseas markets through leveraging its resource expansion. The Company received a number of honorary titles including the "10th Best Board of Directors in Investor Relations of China's Listed Companies" and the "Best Investor Relations Award". The Company was committed to green mining, and strove to build a harmonious mining area and promote its corporate brand image as "Shandong Gold, Ecological Mining". At present, the subsidiaries of the Company including four major mines have met the standard of "Level 2 Mine Production Safety Standard" (安全生產標準化二級企業). Three of our enterprises were recognised by the National Safety Administration (國家安全總局) as "Exemplary Enterprises in Building National Safety Culture" (全國安全文化建設示範企業) and four of our enterprises were recognised as "Exemplary Enterprises in Building Safety Culture" at the provincial level. 13 mines under 10 enterprises owned by the Company have been listed on the national green mine selection and recommendation list.

DISCUSSION AND ANALYSIS ON OPERATING PERFORMANCE

Since the beginning of the year, the Company actively respond to the complicated situation with intensifying internal and external challenges, comprehensively speeding up the pace of reform, expediting the conversion of new and old growth drivers, and striving to improve quality and efficiency. As a result, there is a good overall economic operation with the major targets well accomplished as expected or even performed better than expected. The overall development of the Company continues to grow in a stable and progressively good manner.

Overview of the Company's Operations for the First Half of 2019

In the first half of 2019, the Company's gold mine production volume reached 20.51 tonnes, representing a year-on-year increase of 5.77%; the Company's total assets reached RMB48.236 billion, representing an increase of RMB2.625 billion or 5.76% as compared to the end of the previous year; the total liabilities amounted to RMB24.169 billion, representing an increase of RMB2.194 billion or 9.99% as compared to the end of the previous year; the asset-liability ratio (calculated as the ratio of total liability over total asset) was 50.10%, up by 1.92 percentage points as compared to the end of the previous year; the equity attributable to the owners of the parent company totaled RMB22.131 billion, representing an increase of RMB0.418 billion or 1.93% as compared to the end of the previous year. The revenue during the Reporting Period was RMB31.195 billion, representing a year-on-year increase of RMB5.176 billion, or 19.89%; the total gross profit was RMB2.191 billion, representing a year-on-year increase of RMB0.019 billion, or 9.36%; the basic earnings per share was RMB0.29 per Share, representing a decrease of approximately 6.45% as compared to the corresponding period of last year. The year-on-year decline in earnings per share is due to the increase in share equity from the Company's H Share listing in September 2018.

Since the beginning of the year, we have focused on the high-quality development requirements, mainly in the following areas of work:

Constantly improving the quality of management. The Company actively benchmarked itself against the international first-class enterprises and launched a themed campaign known as "optimizing the mining process and reducing ore depletion" while fully implementing the high-quality development evaluation system for mining enterprises and promoting contests on key indicators, as a result of which the mining loss and ore depletion rate have been further optimized. The Company insisted on cost control for benefit and continuously optimized the assessment system, prioritising profit contribution, cost per unit, asset income, cash flow and other indicators, strengthening the special analysis of production, cost and profit, which effectively managed our cost level. Through in-depth analysis and exploration of the gold market, seizing the opportunities and adjusting its sales strategies accordingly, the Company had a better grasp of the trend of gold prices and achieved sales at favorable prices. The Company also actively carried out the basic management target-hitting campaign at the headquarters and laboratories and comprehensively sorted out its business processes, aiming to formulate a system of standards for compliance and further improve the standard and quality of basic management.

Continuously deepening internal reforms. The Company closely pivoted around the high-quality development requirements, unswervingly deepened its reform, and optimized its development mechanisms so as to enhance the vitality of development. It established and implemented a "three-in-one" assessment mechanism to integrate operation, party building, safety and environmental protection into the annual assessment system. It actively promoted the development of information technology as well as the application of collaborative office platform, which has significantly improved work efficiency and quality. It further established a good employment orientation and constantly improved its talent acquisition mechanism, which focused on "high-quality professionalization", vigorously selecting and promoting young cadres, and optimizing the echelon of talent.

Constantly boosting the development momentum. The Company has been promoting the conversion of old and new growth drivers, and vigorously exploring the potential of each element. The construction of its world-class exemplary mine has taken a rough shape, with its industrial network renovation, ground pressure monitoring, unmanned driving of motor vehicle and smart plant construction all achieving phased success. The construction of the transportation lane between Xincheng deep mining areas and to ports has been completed, while the construction of production connection project in Sanshandao Gold Mine and Laizhou Industrial Park of the mining equipment company have been progressing at a high speed. The Company continued to focus on "resource acquisition" as its main target while actively studying the ore-developing laws to properly implement mine prospecting in the key targeted areas and identifying and selecting high-quality mineral rights projects through multiple channels.

Continuously to carry out capital operation. The Company has pushed on the business extension of the gold industry chain, promoted the combination of production and integration, and carried out cash acquisition to acquire 100% equity interests in SDG Capital Management. The acquisition has been reviewed and approved at the Board meeting and general meeting held on 21 June 2019 and 23 August 2019, respectively, and the procedures for delivery were in progress as at the date of this announcement. The Company focused on broadening exchanges with the domestic and foreign capital markets, and held roadshows successively in various countries and regions such as Beijing, Shanghai, Shenzhen, Hong Kong, Singapore, the United States and England. The Company was elected as the Vice President of the China Association of Public Companies, which further enhanced its industrial status and brand image in the capital market and international market.

Continuously strengthening safety management. The Company firmly adhered to the goal of "double zero" for safety and environmental protection while strengthening the "double-base" work, making arrangement and deployment for the 12 key tasks of safety and environmental protection, carrying out evaluation of the operation of the dual prevention system in its mining enterprises and dedicated rectification activities, which has further improved its essential safety management expertise. It also made significant efforts to preserve the ecological environment, with the construction of green mines in Linglong Gold Mine successfully passing the inspection and acceptance of the provincial natural resources administrative authorities, and the Sanshandao Gold Mine completing the second round of planning and revision for green mine construction.

Constantly strengthening the Party building. The Company fully adhered to the new requirement on imposing strict party discipline and thoroughly studied and implemented Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era while solidly carrying out the education campaign themed "staying true to our founding mission" and continuously facilitating the political construction, ideological construction, organization construction, work style construction and discipline construction of the Party. It also actively explored ways and methods for effective connection between and development of the Party building responsibility and production management responsibility, and strove to improve the quality and effectiveness of Party building efforts, creating a good atmosphere for working and starting business, and converging powers for reform and development.

Major Operations during the Reporting Period

During the Reporting Period, the Company completed processing (leaching) of 13.82 million tonnes, representing a year-on-year decrease of 6,800 tonnes, or 0.05%. Among which, processing amount in the PRC reached 7.57 million tonnes, representing a year-on-year increase of 610,000 tonnes, or 8.74%; processing amount abroad amounted to 6.24 million tonnes, representing a year-on-year decrease of 620,000 tonnes, or 8.98%.

The raw ore grade was 1.55g/t, representing a year-on-year decrease of 0.07g/t, or 4.23%, among which, the raw ore grade of domestic mines was 2.21g/t, which is basically unchanged from the same period last year; the raw ore grade of overseas mines was 0.75g/t, representing a year-on-year decrease of 0.22g/t, mainly due to the lower raw ore grade used in the current period.

The gold beneficiation recovery rate of domestic mines of the Company was 91.88%, representing a year-on-year increase of 0.06 percentage point, or 0.06%, while the gold beneficiation recovery rate of overseas mines was 75.15%, representing a year-on-year increase of 2.62 percentage point or 3.59%.

POSSIBLE RISKS

Safety management risks

Mining is considered to have higher safety risks amongst other industries. Inadequate safety management may result in various accidents or injuries including roof falling and rib spalling and water leakage, which in turn caused certain losses to the Company.

Countermeasures: Firstly, we were fully aware of the situation, and placed increased emphasis on the responsibility and the imperative need for safety as we formulated and issued the Opinions on Well Conducting the Work in relation to Safety and Environmental Protection in 2019; secondly, we established a "three in one" responsibility assessment system for safety and environmental protection, and signed the certificate of responsibility for safety for all levels; thirdly, we reinforced the "double base" management through the promotion of fundamental management and on-site standardisation construction; fourthly, we implemented the construction of a dual prevention system at full speed and made a great effort in safety risk identification and hierarchical management and established a long-term operational mechanism; fifthly, safety inspection and supervision were conducted to identify the potential risks involved and to strengthen the implementation of control measures to eliminate latent dangers; sixthly, we increased investment in "promotion of safety through science and technology" to improve the intrinsic safety level.

Investment risks associated with the merger and acquisition of mining rights

The inconsistency between facts of the projects proposed to be acquired by the Company and the actual information obtained by the Company through due diligence, and the existence of unpredictable factors such as changes in market conditions may lead to deviations in project prospects and value assessments, resulting in the underachievement of expected return on the Company's investment, or even bring about economic losses which would result in risk of investment decision-making. The Company is currently reviewing its strategy on mining policies which brings about various uncertainties to mergers and acquisitions of mining rights.

Countermeasures: Firstly, we developed a merger and acquisition plan for resources, established a database for merger and acquisition projects and a project screening mechanism to formulate detailed merger and acquisition business processes and supporting work systems; secondly, in accordance with the Company's merger and acquisition process, we conducted screening, preliminary investigation, due diligence, feasibility study and other work for the proposed acquisition project, and organised the implementation of acquisition and cooperation business of resource projects; thirdly, we speed up the establishment of merger and acquisition projects and conducted a comprehensive inspection of the resources of the target projects and its occurrence state and technical and economic conditions for development, and focused on verifying the reliability of project resources and reserves report information, to ensure the integrity of inspection and verification of sampling, the authenticity of the test results, the feasibility of the technical indicators of mining, beneficiation, and smelting, etc; fourthly, for projects with low potential, high risk and inconsistent with the Company's resource acquisition strategy, we have effectively avoided the same by removing such projects at the first instance.

International Operation Risk

With the increase in overseas merger and acquisition projects, the Company often faces risks and challenges from policy changes in the places where the overseas projects are located, investment and financing, laws and talents in the process of "going global".

Countermeasures: Firstly, we carefully analyzed the political environment and investment environment of the target country of investment, engaged and obtained consultation from reputable domestic and foreign investment experts and law firms in their respective countries, and in the meantime strengthen the communication and exchanges with Chinese institutes located in foreign countries, Chinese and foreign-funded enterprises that have already started business in the target country for investment, took the initiative to pay attention to and study the documents issued by the National Development and Reform Commission, the Ministry of Natural Resources, the Ministry of Commerce, the State Administration of Foreign Exchange and the laws and regulations, and other ministries to circumvent and control the risk of overseas investment from the political, policy, and legal aspects; secondly, we proactively expanded the financing channels, innovated financing methods and strengthened cooperation with financial institutions to obtain more financing support to avert the risks concerning overseas debt; thirdly, we analyzed the supply and demand and macroeconomic situation in the international market, track international price changes, and reduced the risk of price changes by adopting hedging strategy; we locked interest rates through interest rate swaps and other instrument at reasonable time to avoid the risk of foreign interest rate fluctuations;

fourthly, we strictly implemented local environmental protection requirements, maintained good relations with local government and community, organically combined resource development with environmental protection and improve local infrastructure to achieve win-win development for the Company and local community.

Resource Reserve Risk

At present, the Company's exploration rights for high-quality gold mines are mainly concentrated in Shandong Province. The exploration stage has basically reached the detailed investigation and above. With the end of the exploration work, the exploration work base is increasingly insufficient. We are faced with the risk of insufficient reserves of high-quality exploration rights.

Countermeasures: firstly, we formulated specific implementation plans for exploration and increased reserves in the next two years, increased exploration investment in existing and surrounding areas, and extended the average service lives of gold resource reserves within the Company's mining scope; secondly, we continued promoting the dynamic tracking and management of key projects and key areas; thirdly, we strengthened the integration of production, study and research, continuously increased investment in science and technology research and development, and strove to break through key technologies such as deep prospecting and exploration, in order to provide technical support for new breakthrough in deep geological prospecting.

Exchange Rate Volatility Risk

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 the U.S. dollar. Therefore, the consolidated financial performance of the Group may be affected. The management has been monitoring foreign exchange risk and may promptly hedge against foreign exchange risk if necessary.

ANALYSIS ON INVESTMENT STATUS

Key Equity Investments

On 28 March 2019, the 18th meeting of the fifth session of the Board reviewed and approved the Resolution Regarding Increase of Capital Contribution to Overseas Wholly-Owned Subsidiary. In order to further deepen the implementation of the Company's internationalisation development strategy and optimize the structure of assets and liabilities of Shandong Gold Mining (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company established in Hong Kong, the Company applies for an additional registered capital of HK$5.12 billion or its equivalent in RMB (subject to actual registered exchange rate) to settle its partial debts. For more details, please refer to the overseas announcement of the Company "Announcement on the Resolutions of the 18th meeting of the Fifth Session of the Board of Directors of the Company" published on the website of the Hong Kong Stock Exchange on 28 March 2019.

Material Sales of Assets and Equity

On 24 January 2019, the 16th meeting of the fifth session of the Board reviewed and approved the Resolution Regarding the Separation and Handover of "Water/Electricity/Gas Supplies and Property Management" and Connected Transactions of Subordinated Enterprises of the Company. In accordance with the document spirit and related work deployment of Notice of the Ministry of the Finance Regarding the Issue of Enterprises Separation to Carry Out Social Functions Related to Financial Management (Cai Qi [2005] No.62), Notice of the Office of the State Council on the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance Regarding the Guidelines Related to the Separation and Handover of "Water/Electricity/Gas Supply and Property Management" in the Employee Family Area of the State-owned Enterprises (Guo Ban Fa [2016] No. 45), Notice of Office of the People's Government of Shandong Province on Printing and Distributing the Work Plan for Further Solving the Social Functions and Historical Issues of Provincial Enterprises Office (Lu Zheng Ban Fa [2016] No.35), Notice of the Office of the People's Government of Shandong Province on the Work Plan for the Separation and Handover of the "Water/Electricity/Gas Supply and Property Management" of the Employee Family Zone of the State-owned Enterprises in Shandong Province (Lu Zheng Ban Fa [2016] No.76), Measures for the Administration of the "Water/Electricity/Gas Supplies and Property Management" Separation and Handover for Provincial Financial Subsidy Funds in the Employee Family Zone of Provincial Enterprises in Shandong Province (Lu Cai Zi [2017] No.65) and other relevant documents, the enterprises owned by Shandong Gold Mining Co., Ltd. proposes to conduct the separation and handover of water, electricity, gas supplies and property management (the "**Water/Electricity/Gas Supply and Property Management**") in the residential areas for their employees (the "**Separation and Handover**"). Details are as follows:

The Separation and Handover of the "Water/Electricity/Gas Supply and Property Management" had an impact on 2018 financial statements, including a total of assets of net book value of approximately RMB42.4 million were transferred, including: unpaid transfer to the government designated state-owned receiving unit with the net asset book value of approximately RMB24.4 million and the assets with net asset book value of approximately RMB17.9 million transferred to SDG Property Management Co., Ltd. (山東黃金物業管理有限公司) according to the agreement. According to the document Cai Qi [2005] No. 62, the Company will reduce the undistributed profits by approximately RMB25.7 million (including tax payments of RMB1.3 million for transfer of assets gratis) according to the regulations. The maintenance and renovation fees of the Separation and Handover is approximately RMB6.4 million effecting a decrease of approximately RMB6.4 million in the current profit or loss; the financial subsidy funds obtained was approximately RMB14.7 million; the income of connected transactions involved in the Separation and Handover was approximately RMB17.7 million effecting a decrease of RMB0.2 million in the current profit or loss.

STAFF OF THE GROUP

As of 30 June 2019, the Group had a total of 16,048 full-time employees (31 December 2018: 16,032 employees). For the six months ended 30 June 2019, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB1,450.1 million (for the six months ended 30 June 2018: RMB1,004.9 million).

The Group ensured that the remuneration packages of employees remain competitive and the remuneration level of its employees was determined on the basis of 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.

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 2018 Annual Report.

CORPORATE GOVERNANCE

The Company, being a company listed in Hong Kong and the PRC, manages its operation in strict compliance with the laws, regulations and regulative 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, SFC and the Hong Kong Stock Exchange. The corporate governance of the Company complies with the applicable requirements of the laws and regulations.

The Company is committed to the maintenance of good corporate governance practices, with reference to the CG Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Board is of the opinion that the Company had complied with the code provisions as set out in the CG Code during the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors 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 Guohong and Ms. Wang Xiaoling and three independent non-executive Directors, Mr. Lu Bin, Ms. Hui Wing and Mr. Gao Yongtao. The Chairman of the Audit Committee is Mr. Lu Bin.

The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2019 and further discussed the auditing, internal control and financial reporting matters. The Audit Committee considers that the interim results of the Group for the six months ended 30 June 2019, which have been agreed by the Company's auditors, are in compliance with the applicable accounting standards and relevant laws and regulations and have made sufficient disclosure.

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.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Renewal of Financial Services Framework Agreement

The Resolution Regarding the Expected Connected Transactions during the Ordinary Course of Business in 2019 and the Resolution Regarding the Signing of the Financial Services Framework Agreement with SDG Group Finance were considered and passed at the eighteenth meeting of the fifth session of the Board held on 28 March 2019 and the 2018 annual general meeting of the Company held on 28 June 2019, respectively. Please refer to the circular of the Company dated 16 May 2019 for more details.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Acquisition of SD Gold Capital Management Co., Ltd.

Reference is made to the circular (the "**Acquisition Circular**") of the Company in relation to the acquisition of Target Company, the revision of existing annual caps of Procurement and Sale Framework Agreement for the year ending 31 December 2019 and the amendment to the Articles of Association dated 6 August 2019 and the poll results announcement of the 2019 third extraordinary general meeting of the Company dated 23 August 2019 (the "**Poll Results**"). Capitalized terms used in this paragraph shall have the same meanings as defined in the Acquisition Circular and the Poll Results, unless the context requires otherwise. Pursuant to the Acquisition Circular, on 21 June 2019, the Company entered into the Sale and Purchase Agreement with SDG Group Co., pursuant to which SDG Group Co. conditionally agreed to sell, and the Company conditionally agreed to purchase the 100% equity interest in the Target Company at a consideration of approximately RMB2,272.3 million. Upon Completion, the Target Company will be wholly-owned by the Company and the financial information of the Target Group will be consolidated into the financial statements of the Group. Pursuant to the Poll Results, the Shareholders have approved, among other things, the Acquisition, the revision of existing annual caps of Procurement and Sale Framework Agreement and the amendment of Articles of Association. As at the date of this announcement, the Company is proceeding to Completion. Please refer to the Acquisition Circular and the Poll Results for further details.

Proposed Issuance of Ultra Short-term Financing Bonds

Reference is made to the circular of the Company dated 13 August 2019, pursuant to which the Company proposed to issue an ultra short-term financing bonds in the size of not more than RMB10.0 billion to institutional investors in the interbank bond market of the PRC at an interest rate to be determined based on market conditions of the interbank bond market at the time of issuance of each tranche. Please refer to the circular of the Company dated 13 August 2019 for more details.

Dividends and Bonus Shares

The Company has completed the implementation of the 2018 equity distribution plan in August 2019. Based on the Company's total number of issued shares of 2,214,008,309 Shares as at 31 December 2018, a cash dividend of RMB0.1 (including tax) per Share was distributed, and 4 bonus shares for every 10 Shares by way of conversion of capital reserve have been issued to all Shareholders. The total cash dividend paid out was RMB221,400,830.90. The total number of bonus shares issued was 885,603,323 Shares and therefore the total number of issued shares of the Company after distribution was 3,099,611,632 Shares.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.sdhjgf.com.cn), and the 2019 interim report of the Company containing all the information required by the Hong Kong Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

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

"AGBII Group"	Argentina Gold (Bermuda) II Ltd., a company incorporated in Bermuda on 6 October 1994 and registered by way of continuation into the Cayman Islands on 25 November 2015 which is owned as to 50% by SDG Hong Kong and 50% by Barrick Cayman (V) Ltd., an exempted company incorporated in the Cayman Islands on 29 March 2016;
"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 and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules;
"China" or the "PRC"	The People's Republic of China but for the purpose of this results announcement, excludes Hong Kong SAR, Macau SAR and Taiwan;
"CSRC"	China Securities Regulatory Commission;
"Director(s)"	The director(s) of the Company;
"Group"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present 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);
"Prospectus"	the prospectus issued by the Company in connection with the Hong Kong public offering dated 14 September 2018;
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time;
"Reporting Period"	From 1 January 2019 to 30 June 2019;
"RMB"	Renminbi, the lawful currency of China;
"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 our Company;
"SDG Group"	SDG Group Co. and all of its subsidiaries;
"SDG Group Finance"	Shandong Gold Group Finance Co., Ltd. (山東黃金集團財務有限公司), a limited liability company incorporated in the PRC on 17 July 2013, which was held as to 30% by our Company and 70% by SDG Group Co.;
"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 our Company, and was held as to approximately 70% by Shandong SASAC, as to approximately 20% by Shandong Guohui Investment Co., Ltd. (山東國惠投資有限公司) and as to approximately 10% by Shandong Social Security Fund Committee (山東省社會保障基金理事會);
"SFC"	The Securities and Futures Commission of Hong Kong;

"Shandong Gold", "Company" or "our 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;
"Shanghai Gold Exchange"	Shanghai Gold Exchange (上海黃金交易所);
"Shanghai Stock Exchange"	Shanghai Stock Exchange (上海證券交易所);
"Share(s)"	Shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares;
"Shareholders"	Holder(s) of our Share(s);
"Syndicated Term Loan"	the loan available under the US$960.0 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;
"Veladero Mine"	The Veladero Mine located in the high Andes Cordillers of central western Argentina. Details of which are set out in "Appendix IV – Competent Person's Report – RPA Report" to the Prospectus.

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

Jinan, the PRC, 29 August 2019

As at the date of this announcement, the executive Directors are Mr. Wang Peiyue, Mr. Li Tao and Mr. Tang Qi; the non-executive Directors are Mr. Li Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive Directors are Mr. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing.