

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**潼關黃金集團有限公司**  
**Tongguan Gold Group Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00340)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

**HIGHLIGHTS**

- For the six months ended 30 June 2025, the Group's net profit and profit attributable to owners of the Company amounted to approximately HK\$350 million and HK\$343 million, respectively, compared to approximately HK\$91 million and HK\$92 million, respectively, in 2024, representing an increase of 285% and 273%, respectively.
- The basic earnings per share for 2025 were HK8.17 cents, compared to HK2.26 cents in 2024.
- Revenue for the six months ended 30 June 2025 amounted to approximately HK\$1,029 million, compared to approximately HK\$850 million in 2024, representing an increase of 21%.

The board of directors (the "Board") of Tongguan Gold Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025, with the comparative figures for the corresponding period in 2024, as follows:

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	5	1,028,737	849,951
Cost of sales		<u>(498,602)</u>	<u>(631,193)</u>
Gross profit		530,135	218,758
Other income		3,103	2,298
Other net losses		(715)	(106)
Administrative and other expenses		(81,298)	(72,610)
Finance costs	6	<u>(19,844)</u>	<u>(15,529)</u>
<b>Profit before tax</b>	7	431,381	132,811
Income tax expense	8	<u>(80,897)</u>	<u>(42,111)</u>
<b>Profit for the period</b>		350,484	90,700
<b>Other comprehensive income (expense)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes in equity investment at fair value through other comprehensive income		3,786	3,919
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>48,738</u>	<u>(15,486)</u>
<b>Other comprehensive income (expense) for the period</b>		<u>52,524</u>	<u>(11,567)</u>
<b>Total comprehensive income for the period</b>		<u>403,008</u>	<u>79,133</u>
Profit for the period attributable to:			
— Owners of the Company		342,643	91,956
— Non-controlling interests		<u>7,841</u>	<u>(1,256)</u>
		<u>350,484</u>	<u>90,700</u>

		2025	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Total comprehensive income for the period attributable to:			
— Owners of the Company		<b>391,015</b>	82,269
— Non-controlling interests		<b>11,993</b>	(3,136)
		<u><b>403,008</b></u>	<u>79,133</u>
Earnings per share	<i>10</i>		
Basic		<u><b>HK8.17 cents</b></u>	<u>HK2.26 cents</u>
Diluted		<u><b>HK8.16 cents</b></u>	<u>HK2.26 cents</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		1,870,212	1,746,044
Right-of-use assets		67,434	49,868
Exploration and evaluation assets		1,338,931	1,308,636
Goodwill		780,085	752,017
Other intangible assets		251,964	257,175
Other financial asset		7,504	3,718
Interests in associates		2,688	—
Financial asset at fair value through profit or loss		34,887	—
Other receivable and deposit	11	17,107	14,039
		<u>4,370,812</u>	<u>4,131,497</u>
<b>Current assets</b>			
Inventories		135,717	188,015
Trade and other receivables, deposits and prepayments	11	257,495	101,863
Amounts due from associates		30,420	—
Cash and cash equivalents		780,349	172,329
		<u>1,203,981</u>	<u>462,207</u>
<b>Current liabilities</b>			
Other payables	12	651,628	484,595
Bank and other borrowings		534,711	498,199
Contract liabilities		89,211	114,237
Convertible bond		6,706	—
Contingent consideration payables		6,629	—
Lease liabilities		957	1,227
Tax payables		202,222	183,506
		<u>1,492,064</u>	<u>1,281,764</u>
<b>Net current liabilities</b>		<u>(288,083)</u>	<u>(819,557)</u>
<b>Total assets less current liabilities</b>		<u>4,082,729</u>	<u>3,311,940</u>

		<b>30 June 2025</b>	31 December 2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>33,008</b>	32,397
Other payables	12	<b>249,783</b>	306,287
Contract liabilities		<b>192,452</b>	—
Contingent consideration payables		<b>19,891</b>	—
Provision for restoration and environmental costs		<b>17,675</b>	16,282
Lease liabilities		<b>1,270</b>	1,754
Deferred tax liabilities		<b>357,776</b>	336,253
		<b>871,855</b>	692,973
<b>Net assets</b>		<b>3,210,874</b>	2,618,967
<b>Capital and reserves</b>			
Share capital		<b>439,769</b>	407,027
Share premium and reserves		<b>2,607,038</b>	2,073,724
Equity attributable to owners of the Company		<b>3,046,807</b>	2,480,751
Non-controlling interests		<b>164,067</b>	138,216
<b>Total equity</b>		<b>3,210,874</b>	2,618,967

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 change in accounting policies resulting from application of the amendments to HKFRS Accounting Standards (“HKFRSs”) which relevant to the Group and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s audited annual consolidated financial statements for the year ended 31 December 2024 (the “Annual Report 2024”).

### **Basis of measurement and going concern assumption**

The Group had net current liabilities of approximately HK\$288,083,000 at 30 June 2025.

Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company (“Directors”) have given careful consideration to the current and anticipated future liquidity needs of the Group and is satisfied that the loan facilities from the Group’s financial institutions for its working capital requirement for the next twelve months will be available as and when required, having regard to the following: (i) renewal of financing facilities and (ii) enhancing the Group’s operational efficiency and implementing cost control measures. The Group will actively negotiate with the financial institution for the renewal of the Group’s borrowings when they fall due in order to secure necessary funds to meet the Group’s working capital and financial requirements in the foreseeable future. In the opinion of the Directors, the Group will be able to roll over or refinance the borrowings upon their maturity.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

### Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

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

#### **(a) *Revenue from contracts with customers***

##### *Contract with significant financing components*

When the contract contains a financing component which provides the Group with a significant benefit of financing for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method which reflect the time value of money taking into consideration the credit characteristics of the Group. The relevant interest expenses are accounted for on the same basis as borrowings costs.

For contracts where the period between payment and transfer of the associated goods is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Revenue is recognised when the control is transferred to the customers and the amount of revenue recognised is based on the actual quantities delivered during the reporting period relative to the total quantities specified in the Streaming Agreement (as stated in Note 3 of the condensed consolidated financial statements).

#### **(b) *Convertible bond***

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of the convertible bond is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bond are allocated to the debt and derivative component in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bond using the effective interest method.

**(c) Financial liabilities at fair value through profit or loss (“FVTPL”)**

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

**(d) Financial asset at fair value through profit or loss (“FVTPL”)**

Financial asset at FVTPL represents derivative financial asset.

Derivative embedded in host contract is accounted for as separate derivative and recorded at fair value if its economic characteristics and risks are not closely related to those of the host contract and the host contract is not held for trading or designated as at FVTPL. This embedded derivative is measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

### **3. SIGNIFICANT EVENTS AND TRANSACTIONS**

On 24 January 2025, the Company completed the acquisition of 100% equity interest of Huasheng Construction Investment Limited and its subsidiaries (collectively referred to as the “Huasheng Group”) settled by issuance of convertible bond. Details of the transaction are disclosed in Note 13 to the condensed consolidated financial statements.

On 2 June 2025, the Company entered into a precious metals purchase agreement with Zijin Metal Company Limited (the “Buyer”) (the “Streaming Agreement”), pursuant to which the Buyer will advance an upfront cash payment of US\$25,000,000 in respect of future delivery of refined gold produced from Subei County Holezadegai Northeast Mining Co., Ltd.’s gold mines located in Gansu Province under the specific delivery schedule up to 422kg over a period of nine years up to the end of 2033.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future.

During the current interim period, significant judgement and estimation have been made regarding fair value measurement of financial instruments, including redemption right under the Streaming Agreement classified as a derivative under financial asset at FVTPL, convertible bond and contingent consideration payables, and net assets acquired in regard of the acquisition of Huasheng Group. Other than above, in preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were similar to those that applied to the Group’s Annual Report 2024. In addition, management makes assumptions about the future in deriving critical accounting estimates used in preparing the condensed consolidated interim financial information.



## 5. REVENUE AND SEGMENT REPORTING

Information is reported internally to the board of directors of the Company (the “Board”), being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions.

For the gold mining operation, the information reported to the CODM is further categorised into different mining locations within the PRC, each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, the CODM considered that the operations of different mining locations are related to the mine-produced gold business, these individual operating segments have been aggregated into a single reportable segment.

Accordingly, the Board reviews the business with the following reportable segments:

1. Gold mining operation – sale of mine-produced gold, including gold concentrate, gold bullion and related products, which contains of gold exploration, mining, processing and/or smelting operations in the PRC
2. Gold recycling – purchasing of gold related materials, refining and sale of gold bullion in the PRC

The above segments have been identified on the basis of internal management reports prepared and regularly reviewed by the Board when making decisions about allocating resources and assessing performance of the Group.

The segment results represent the gross profit earned by each segment (segment revenue less segment cost of sales). Other income, other net losses, administrative and other expenses, finance costs and income tax expense are not allocated to each reportable segment. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

The information of segment results is as follows:

### For the six months ended 30 June 2025

	<b>Gold mining operation HK\$'000 (Unaudited)</b>	<b>Gold recycling HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
Revenue	1,028,737	–	1,028,737
Cost of sales	<u>(498,602)</u>	<u>–</u>	<u>(498,602)</u>
Segment results	<u><u>530,135</u></u>	<u><u>–</u></u>	<u><u>530,135</u></u>

For the six months ended 30 June 2024

	Gold mining operation <i>HK\$ '000</i> (Unaudited)	Gold recycling <i>HK\$ '000</i> (Unaudited)	Total <i>HK\$ '000</i> (Unaudited)
Revenue	644,847	205,104	849,951
Cost of sales	<u>(426,242)</u>	<u>(204,951)</u>	<u>(631,193)</u>
Segment results	<u>218,605</u>	<u>153</u>	<u>218,758</u>

The reportable segment results are reconciled to profit for the period of the Group as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>HK\$ '000</i></b>	<b><i>HK\$ '000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Reportable segment results</i>	<b>530,135</b>	218,758
Unallocated income and expenses:		
Other income	<b>3,103</b>	2,298
Other net losses	<b>(715)</b>	(106)
Administrative and other expenses	<b>(81,298)</b>	(72,610)
Finance costs	<u><b>(19,844)</b></u>	<u>(15,529)</u>
Profit before tax	<b>431,381</b>	132,811
Income tax expense	<u><b>(80,897)</b></u>	<u>(42,111)</u>
Profit for the period	<u><b>350,484</b></u>	<u>90,700</u>

The Group recognises revenue on sale of gold products at a point in time when control of the goods has transferred, being when the goods are delivered to the customers in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transportation and other related activities that occur before customers obtain control of the related goods are considered as fulfilment activities. Except for the unsatisfied obligation under the Streaming Agreement as stated below, there is no other unsatisfied performance obligation at the end of each of the reporting periods.

Under the Streaming Agreement, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligation as at 30 June 2025 is as follows:

	<b>As at</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>29,832</b>	—
More than one year	<b>192,452</b>	—
	<b>222,284</b>	—

As no discrete information in respect of segment assets, segment liabilities and other information is used for the assessment of performance and allocation of resources, thus no analysis of segment assets and segment liabilities is presented.

### **Geographical information**

No geographical analysis is presented as the Group's revenue and profit from operations were primarily derived from operating activities in the PRC.

### **Information about major customers**

Revenues from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer A	<b>647,295</b>	252,941
Customer B	<b>159,006</b>	370,007
Customer C	<b>117,688</b>	N/A (note)

Included in revenue, consist of approximately HK\$86,377,000 for the six months period ended 30 June 2024 (for the six months ended 30 June 2025 contributed of less than 10% of total revenue of the Group) is derived from selling gold bullion in a trading platform of Shanghai Gold Exchange through a member registered in Shanghai Gold Exchange, and approximately HK\$9,664,000 releasing from contract liabilities under the Streaming Agreement for the six months period ended 30 June 2025 (for the six months ended 30 June 2024: HK\$Nil).

*Note:*

The corresponding revenue for the six months ended 30 June 2024 for Customer C contributed of less than 10% of total revenue of the Group.

## 6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	15,287	11,951
Interest expenses on lease liabilities	96	378
Interest on promissory note payable at amortised cost	3,503	3,200
Interest expense on contract liabilities under the Streaming Agreement	882	—
Interest expense on convertible bond	76	—
	<u>19,844</u>	<u>15,529</u>

## 7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Directors' emoluments	2,597	1,317
Other staff's salaries, bonus and allowances	29,922	18,355
Other staff's contribution to retirement benefits schemes	2,376	1,697
Total staff costs	<u>34,895</u>	<u>21,369</u>
Amortisation of other intangible assets	9,002	10,723
Cost of sales comprise of:		
— Cost of inventories recognised as an expense ( <i>Note (a)</i> )	417,563	573,294
— Taxes and surcharges ( <i>Note (b)</i> )	81,039	57,899
Depreciation charges		
— property, plant and equipment	51,832	40,895
— right-of-use assets	2,208	1,271
	<u>2,208</u>	<u>1,271</u>

Notes:

- (a) Costs of inventories recognised as an expense mainly include mining extraction costs and mining ore processing costs of approximately HK\$349,187,000 (six months ended 30 June 2024: approximately HK\$301,852,000), transportation cost of approximately HK\$2,218,000 (six months ended 30 June 2024: approximately HK\$1,721,000), amortisation and depreciation charges of approximately HK\$55,799,000 (six months ended 30 June 2024: approximately HK\$45,852,000) and purchase cost of gold related materials of HK\$Nil (six months ended 30 June 2024: approximately HK\$204,845,000).
- (b) Taxes and surcharges mainly include resource tax of approximately HK\$27,603,000 (six months ended 30 June 2024: approximately HK\$19,010,000) and forest and grassland compensation fee of approximately HK\$43,595,000 (six months ended 30 June 2024: approximately HK\$30,302,000), both of which are calculated based on revenue in accordance with relevant regulations.

## 8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2025 and 30 June 2024.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax (“EIT”) rate of the PRC subsidiaries is 25%.

Pursuant to the Notice of the Ministry of Finance, 財政部國家稅務總局海關總署關於深入實施西部大開發戰略有關稅收政策問題的通知(財稅[2011]58號) (transliterated as General Administration of Customs and the State Administration of Taxation on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No. 58)\*), from 1 January 2011, the enterprises in the western region, which engaged in encouraged industries as indicated in the 西部地區鼓勵類產業目錄 (transliterated as Catalogue of Encouraged Industries of Western Region\*) and 產業結構調整指導目錄(2011年本)(修正) (transliterated as Catalogue of Industrial Structure Adjustment Guidance (2011 Revised)\*) (國家發改委令2013年第21號) (transliterated as National Development and Reform Commission Order 2013 No. 21\*) and which derive 70% of their operating income from the encouraged industries could apply for a tax incentive. After getting in-charge tax bureau’s approval, certain subsidiaries of the Group could enjoy a reduced EIT rate of 15% from statutory EIT rate of 25% up to 2030.

On 28 October 2024, Subei County Holezadegai Northeast Mining Co., Ltd was approved by Gansu Provincial Department of Science and Technology as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 1 January 2025.

\* *The English translation of the names are for reference only.*

Income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax — PRC EIT:		
— Provision for the period	<b>70,790</b>	30,779
— Underprovision in prior year	<b>357</b>	299
	<b>71,147</b>	31,078
Deferred tax	<b>9,750</b>	11,033
	<b>80,897</b>	42,111

## 9. DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
2024 Final dividend of HK1.2 cents per ordinary share	<b>52,772</b>	—

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2025, nor has any dividend been proposed for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 10. EARNINGS PER SHARE

### (a) Basic Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$342,643,000 (six months ended 30 June 2024: approximately HK\$91,956,000) and the weighted average number of ordinary shares of approximately 4,196,203,000 in issue during the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 4,070,272,000).

**(b) Diluted Earnings per share**

The calculation of the diluted earnings per share attributable to owners of the Company for the six months period ended 30 June 2025 is based on the following data:

	<b>30 June 2025</b> <b>HK\$'000</b> <b>(Unaudited)</b>
Profit attributable to owners of the Company	342,643
Adjustments for interest on convertible bond	<u>76</u>
Profit attributable to owners of the Company for diluted earnings per share	<u><u>342,719</u></u>
	<b>Number</b> <b>of shares</b> <b>'000</b>
Weighted average number of ordinary shares in issue	4,196,203
Effect of dilutive potential ordinary shares on convertible bond	<u>5,209</u>
Weighted average number of ordinary shares for diluted earnings per share	<u><u>4,201,412</u></u>
	<b>HK Cents</b>
Diluted earnings per share	<u><u>8.16</u></u>

During the six months period ended 30 June 2025, the dilutive potential ordinary shares include conversion of convertible bond outstanding as at 30 June 2025, while the conditions in regard for contingent consideration payables and shares options have not been met as at 30 June 2025, the potential issuable ordinary shares were not included in the calculation of diluted earnings per share during the six months period ended 30 June 2025.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2024.

# 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables ( <i>Note (a)</i> )	40,584	—
Less: loss allowance	—	—
	<u>40,584</u>	<u>—</u>
Other receivables	125,978	67,408
Loan receivable	14,256	14,039
Less: loss allowance	(9,377)	(9,242)
	<u>130,857</u>	<u>72,205</u>
Deposits and prepayments	102,464	43,274
Value added tax recoverable	697	423
	<u>274,602</u>	<u>115,902</u>
Analysed for reporting purposes as:		
— current portion	257,495	101,863
— non-current portion	17,107	14,039
	<u>274,602</u>	<u>115,902</u>

*Note:*

- (a) The following is an aged analysis of trade receivables net of allowance for impairment losses under expected credit loss model presented based on invoice dates/date of delivery of goods:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 30 days	<u>40,584</u>	<u>—</u>



## 12. OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Other payables and accruals ( <i>Note (a)</i> )	555,158	461,711
Amounts due to related parties ( <i>Note (b)</i> )	214,268	253,461
Dividend payables	52,772	—
Promissory note payable ( <i>Note (c)</i> )	79,213	75,710
	<b>901,411</b>	<b>790,882</b>
Analysed for reporting purposes as:		
— current portion	651,628	484,595
— non-current portion	249,783	306,287
	<b>901,411</b>	<b>790,882</b>

### Notes:

- (a) Included in other payables were mainly payables to subcontractors of approximately HK\$347,987,000 at 30 June 2025 (31 December 2024: approximately HK\$310,787,000) for mining extraction and construction.
- (b) The amounts are due to certain beneficial owners of the shareholders of the Company and are non-trade in nature, unsecured and interest-free. As at 30 June 2025, approximately HK\$25,000,000 is repayable within one year and the remaining balances are repayable after one year at the end of reporting period (31 December 2024: all balances are repayable after one year).
- (c) Promissory note payable carried at zero interest rate, unsecured and repayable on 9 October 2025. It is measured at amortised cost at effective interest rate of 9.08% per annum.

### 13. ACQUISITION OF SUBSIDIARIES

The acquisition of the subsidiary is determined to be business combinations, and optional centration test is not elected.

On 27 September 2024, the Company entered into a sales and purchase agreement (“Agreement”) to acquire 100% equity interest in Huasheng Group, which holds 60% equity interest in Xi’an Hongshang Mining Engineering Co., Ltd. (“Xi’an Hongshang”) (西安宏尚礦山工程有限公司) from an independent third party (the “Vendor”) at a total consideration of RMB30,000,000 (equivalent to HK\$33,000,000) (“Consideration”), subject to adjustments (Note) related to financial performance of Xi’an Hongshang during the five years ending 31 December 2028 (i.e. from 1 January 2024 to 31 December 2028) (the “Guarantee Period”). The transaction was completed on 24 January 2025 (“Acquisition Date”), with Consideration was settled by issuance of convertible bond (“Convertible Bond”). Huasheng Group is principally engaged in mine engineering and construction. The acquisition has been accounted for as acquisition business using the acquisition method.

The Group has elected to measure the non-controlling interests in Huasheng Group based on their proportionate share of fair values of identifiable net assets at the Acquisition Date.

#### Consideration transferred (Note)

	<i>HK\$'000</i>
Contingent consideration payables	26,520
Convertible bond	<u>6,630</u>
	<u><u>33,150</u></u>

The fair value of the identifiable assets acquired and liabilities assumed as at the Acquisition Date:

	<i>HK\$'000</i>
Property, plant and equipment	27,984
Inventories	736
Other receivables, deposits and prepayments	38,783
Cash and cash equivalents	18,699
Other payables	(48,779)
Tax payables	(1,555)
Deferred tax liabilities	<u>(5,184)</u>
Net assets acquired	<u><u>30,684</u></u>

*Note:*

At the Acquisition Date, the fair value of the consideration transferred representing the fair value of the Convertible Bond, which is contingent upon achieving performance targets during the Guarantee Period.

## Consideration and adjustment mechanism

### (a) *Annual target*

Pursuant to the Agreement, the bondholder (i.e. the Vendor) may convert up to RMB6,000,000 (equivalent to HK\$6,600,000) of Convertible Bond for each 12-month period during the Guaranteed Period, upon the excavation amount and net profits of Xi'an Hongshang's annual financial statements prepared under HKFRS Accounting Standards achieve RMB150,000,000 and RMB10,000,000 respectively. If Xi'an Hongshang's annual financial performance fails to meet annual targets, the amount of Convertible Bond eligible for conversion during the relevant 12-month period will be reduced in proportion to the shortfall as set out in the Agreement.

### (b) *Total target*

At the end of the Guarantee Period, if total actual excavation amount and total net profit of Xi'an Hongshang meet or exceed RMB750,000,000 and RMB50,000,000 respectively, all of the remaining unconverted portion of Convertible Bond will be eligible for conversion. Conversely, if these performance targets are not met, the Consideration will be adjusted in proportion to the shortfall ("Adjusted Consideration"). The remaining Convertible Bond exercisable will be the difference between the Adjusted Consideration and the converted principal amount. If the difference is negative, the Vendor shall compensate the Company for the shortfall in cash.

## Goodwill arising on acquisition:

HK\$'000

Consideration transferred	33,150
Non-controlling interest	13,858
Less: recognised amounts of net assets acquired	<u>(30,684)</u>
Goodwill arising on acquisition	<u><u>16,324</u></u>

Goodwill arising on the acquisition was determined based on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer to carry out a valuation on the fair value of the net identifiable assets acquired as at date of acquisition. The fair value of the identified net assets acquired was estimated by applying a combination of depreciated replacement cost Method and market approach. The key assumptions used in determining the fair value were discount rate of 17.1% and long-term sustainable growth rate of 2.0%.

Goodwill arose on the acquisition because the acquisition included the assembled workforce as at the date of the acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisition is expected to be deductible for tax purposes.

## Net cash inflow on acquisition

HK\$'000

Cash and cash equivalents balances acquired

18,699

## Impact of acquisition on the results of the Group

Included in the profit for the six months period ended 30 June 2025 is profit of approximately HK\$7,930,537 arising from Huasheng Group and netting off with the elimination of the unrealized profit of approximately of HK\$15,249,000 generated by transaction with the Huasheng Group. No revenue contributed by Huasheng Group after eliminating inter-company transactions with the Group for the six months period ended 30 June 2025 since the date of acquisition.

Had the acquisition of Huasheng Group been completed on 1 January 2025, revenue for the six months period ended 30 June 2025 of the Group would have been approximately HK\$1,028,737,000, and profit for the six months period ended 30 June 2025 would have been approximately HK\$353,124,000 after elimination of inter-company transactions between Huasheng Group and the Group. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Huasheng Group been acquired at the beginning of the current interim period, the Directors calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the Acquisition Date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS REVIEW

For the six months ended 30 June 2025 (the “Interim Period”), Tongguan Gold Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded the revenue amounted to approximately HK\$1,028,737,000, representing an increase of approximately 21% as compared to the revenue of approximately HK\$849,951,000 for the corresponding period in 2024. The increase in revenue was mainly attributable to the increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold. Detailed analysis is set out in below “Review of Operations” section.

Administrative and other expenses amounted to approximately HK\$81,298,000, representing an increase of approximately 12% from approximately HK\$72,610,000 for the corresponding period in 2024. This rise was primarily driven by the inclusion of expenses from Huasheng Construction Investment Limited and its subsidiaries following their acquisition in January 2025, as well as higher staff costs due to an increase in headcount and salary adjustments for both employees and directors. These factors were partially offset by a net decrease in one-off expenses, mainly due to the reduction in invalid exploration costs which was counterbalanced by increased professional fees arising from various non-routine projects and a donation made during the Interim Period.

The Group recorded the finance costs amounted to approximately HK\$19,844,000, representing an increase of approximately 28% from approximately HK\$15,529,000 for the corresponding period in 2024 and was mainly due to the increase in the interest expense on contract liabilities under Streaming Agreement and increase on bank and other borrowings.

Income tax expense was increased by approximately HK\$38,786,000 as compared to income tax expense of approximately HK\$42,111,000 for the corresponding period in 2024. The increase was mainly due to an increase in the overall gross profit in the Interim Period.

The Group recorded profit for the Interim Period attributable to owners of the Company of approximately HK\$342,643,000, representing an increase of approximately 273% from approximately HK\$91,956,000 for the corresponding period in 2024 and was mainly due to the increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold in the Interim Period.

## **REVIEW OF OPERATIONS**

### **A. Gold Mining Operation**

The activity of the Group's gold mining operations is sale of mine-produced gold, including gold concentrate, gold bullion and related products, that contains of gold exploration, mining, processing and/or smelting operations.

For the Interim Period, the Group's revenue from gold mining operation amounted to approximately HK\$1,028,737,000, representing an increase of approximately 60% from approximately HK\$644,847,000 for the corresponding period in 2024 and was primarily contributed by (i) the increase in average selling price of mine-produced gold by upward trend of gold from RMB499 per gram for the corresponding period in 2024 to RMB666 per gram in the Interim Period; and (ii) an increase in sale volume of mine-produced gold from approximately 1.19 tonnes for the corresponding period in 2024 to approximately 1.44 tonnes in Interim Period.

The cost of sales amounted to approximately HK\$498,602,000, representing an increase of approximately 17% from approximately HK\$426,242,000 for the corresponding period in 2024. As a result, the gross profit from this operation amounted to approximately HK\$530,135,000 (gross profit margin of 51.5%), representing an increase in approximately 143% as compared with gross profit of approximately HK\$218,605,000 (gross profit margin of 33.9%) for the corresponding period in 2024. The increase in gross profit margin was mainly contributed by increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold in the Interim Period.

### **B. Gold Recycling Business**

The activity of the Group's gold recycling business is involving sale of physical gold bullion by purchasing gold related materials from other supply chain players, and refining by subcontractors. For the Interim Period, no transaction was made under gold recycling business. For the corresponding period in 2024, the volume of sale of gold bullion was approximately 0.40 tonnes. Approximately HK\$205,104,000 of revenue and approximately HK\$204,951,000 of cost of sales were contributed from this operation for the six months ended 30 June 2024. Gross profit from this operation was thin and amounted to approximately HK\$153,000 for the six months ended 30 June 2024.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2025, the Group had total assets and net assets of approximately HK\$5,574,793,000 (31 December 2024: approximately HK\$4,593,704,000) and approximately HK\$3,210,874,000 (31 December 2024: approximately HK\$2,618,967,000), respectively. The current ratio was approximately 0.81 (31 December 2024: approximately 0.36).

As at 30 June 2025, the Group had bank balances and cash, of approximately HK\$780,349,000 (31 December 2024: approximately HK\$172,329,000), of which most were denominated in Renminbi, United States dollar and Hong Kong dollar.

As at 30 June 2025, the Group had total bank and other borrowings of approximately HK\$567,719,000 (31 December 2024: approximately HK\$530,596,000) which were denominated in Renminbi, including the effective interest rates ranged from 3.28% to 5.50% (31 December 2024: 3.28% to 6.45%) per annum. This included bank borrowings with variable market rates ranged from loan prime rate (“LPR”)+1.00% to LPR+1.95% (31 December 2024: from LPR+0.85% to LPR+2.60%) per annum. The slight increase in total borrowings is mainly resulting from the appreciation of the exchange rate of Renminbi against Hong Kong dollars. The gearing ratio, as a ratio of total sum of bank and other borrowings and promissory note to total equity was approximately 18.6% (31 December 2024: approximately 21.4%).

As at 30 June 2025, the Group had promissory note of approximately HK\$79,213,000 (31 December 2024: approximately HK\$75,710,000). The promissory note with principal amount of HK\$80,000,000 carries zero interest and will be due on 9 October 2025.

## **CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES**

On 24 January 2025, 60-months convertible bond in the aggregate principal amount of RMB30,000,000 in HK\$ equivalent (i.e., HK\$33,000,000, subject to adjustment) with 0% interest per annum (the “Convertible Bond”) were issued by the Company pursuant to the sale and purchase agreement dated 27 September 2024 in regards of the completion of acquisition of Huasheng Construction Investment Limited. Upon exercise of the conversion rights attached to the Convertible Bond in full, the Convertible Bond can be converted into 30,000,000 new shares of the Company at conversion price of RMB1.0 in HK\$ equivalent (i.e., HK\$1.1) per conversion share. Details are set out in the announcements of the Company dated 27 September 2024, 17 October 2024, 20 December 2024 and 24 January 2025.

As at 30 June 2025, the entire principal amount of the Convertible Bond remained outstanding. The management performed a fair value assessment and engaged an independent valuer to conduct an assessment on the Convertible Bond at the end of Interim Period. As at 30 June 2025, the debt component and derivative component stated at fair value derived from the Convertible Bond and contingent consideration payables at fair value were assessed at approximately HK\$5,571,000, HK\$1,135,000 and HK\$26,520,000 respectively.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

As part of the Group's assets and liabilities are denominated in Hong Kong dollar and Canadian dollar, in order to minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

## **SHARE CAPITAL**

On 22 April 2025, the Company completed the subscription of 327,420,000 new ordinary shares of the Company at the subscription price of HK\$0.69 per ordinary share.

As at 30 June 2025, the Company had 4,397,692,221 ordinary shares in issue with total shareholders' fund of the Group amounting to approximately HK\$439,769,000.

## **SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND USE OF PROCEEDS FROM THE SUBSCRIPTION**

On 8 April 2025, (i) the Company entered into subscription agreement with the subscriber "Grand Perception Singapore Global Investment Limited", pursuant to which the Company agreed to allot and issue, and the subscriber agreed to subscribe for, an aggregate of 159,420,000 subscription shares at the subscription price of HK\$0.69 per subscription share under the general mandate granted to the directors of the Company (the "Directors")(the "Subscription Shares A"); and (ii) the Company entered into subscription agreement with the subscriber "Zijin Metal Company Limited", pursuant to which the Company agreed to allot and issue, and the subscriber agreed to subscribe for, an aggregate of 168,000,000 subscription shares at the subscription price of HK\$0.69 per subscription share under the general mandate granted to the Directors (the "Subscription Shares B")(collectively, the "Subscription"). The aggregate of Subscription Shares A and Subscription Shares B amounts to 327,420,000 subscription shares (the "Subscription Shares").

The closing price as quoted on The Stock Exchange of Hong Kong Limited on 8 April 2025, being the date of the subscription agreements, was HK\$0.86 per share. The aggregate nominal value of the Subscription Shares is HK\$32,742,000.

The Directors consider that the Subscription will provide additional funding for the Company's business operation, and it shall also strengthen the capital base of the Company. The Directors are of the view that the Subscription is in the interests of the Company and the shareholders of the Company as a whole and the issue of the Subscription Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged.



The net proceeds from the Subscription after deducting related expenses payable by the Company was amounted to HK\$225.5 million and the net price is approximately HK\$0.69 per subscription share. The Subscription and the allotment and issue of total of 327,420,000 new ordinary shares was completed on 22 April 2025.

The Company intends to apply the net proceeds as to: (i) approximately HK\$80,000,000 for the development of the mining production line with production capacity of 450 tons of ores per day; (ii) approximately HK\$50,000,000 for conducting the mines drilling activities; (iii) approximately HK\$20,000,000 for the construction of dormitory and related facilities at the mining locations of the Group; (iv) approximately HK\$13,000,000 for green mining construction; and (v) the remaining proceeds for replenishing the working capital of the Group.

Further details of the Subscription are set out in the announcements of the Company dated 8 April 2025 and 22 April 2025.

In respect of the net proceeds of HK\$225.5 million raised from the Subscription. The following table summarizes the use of net proceeds from the Subscription for the Interim Period:

	<b>Amount of net proceeds HK\$ million</b>	<b>Actual use of net proceeds during the Interim Period HK\$ million</b>	<b>Unused amount of net proceeds as at 30 June 2025 HK\$ million</b>
(i) development of the mining production line with production capacity of 450 tons of ores per day (Note 1)	80	11	69
(ii) conducting the mines drilling activities (Note 2)	50	13	37
(iii) construction of dormitory and related facilities at the mining locations of the Group (Note 1)	20	7	13
(iv) green mining construction (Note 1)	13	4	9
(v) replenishing the working capital of the Group	62.5	13	49.5
<b>Total</b>	<b>225.5</b>	<b>48</b>	<b>177.5</b>

Notes:

1. The amount is expected to be utilised in the next 12 months from May 2025.
2. The amount is expected to be utilised in the next 24 months from May 2025.

## **PLEDGE OF ASSETS**

As at 30 June 2025, the Group has pledged certain property, plant and equipment, right-of-use assets and other intangible assets with carrying amounts of approximately HK\$29,359,000, HK\$46,468,000 and HK\$101,945,000 (31 December 2024: HK\$76,781,000, HK\$46,427,000 and HK\$108,138,000) respectively to secure bank borrowings granted to the Group.

## **CONTINGENT LIABILITIES**

As at 30 June 2025, the Group did not have any contingent liabilities (31 December 2024: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

On 24 January 2025, the Group acquired the entire equity interests in Huasheng Construction Investment Limited, which was satisfied by the issue of convertible bond (principal amount equivalent to RMB30,000,000) of the Company. The details are set out in Note 13 to the condensed consolidated financial statements.

Saved as disclosed above, there were no material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the Interim Period.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2025, the Group had approximately 10 and 565 employees in Hong Kong and the People's Republic of China (the "PRC") respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$34,895,000 for the Interim Period (six months ended 30 June 2024: approximately HK\$21,369,000). There was a share-based payment of approximately HK\$2,344,000 arising from grant of share options for the Interim Period (six months ended 30 June 2024: HK\$Nil).

Directors' remuneration was fixed with reference to their duties and responsibilities with the Company as well as the Company's remuneration policy.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees, performance bonus and share option scheme. The Group is also dedicated to providing training programs for new employees and regular trainings to employees to enhance their skills and know-how.

According to the share option scheme adopted by the Company on 6 June 2024, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

## **BUSINESS REVIEW**

In the first half of 2025, global economic and political conditions remained unstable. The U.S. government introduced tariff-based trade policies, and rising concerns over its debt and fiscal deficit created uncertainty in financial markets. Amid this backdrop, gold emerged as a highly attractive safe-haven asset, offering stability and becoming a key support for capital markets. The Group proactively responded to these circumstances and efficiently managed production, resulting in strong performance and demonstrating strong resilience and competitiveness in a challenging global environment. In line with our long-term strategic vision, we are shifting our business strategy from diversification to focusing on high-return gold mining operations, further strengthening our market position. As a result, profit attributable to shareholders recorded a remarkable 273% growth when compared with last period, reflecting the success of our strategic realignment.

In January 2025, we completed a vertical integration acquisition of Huasheng Construction Investment Limited that enhanced cost efficiency and reinforced safety management across our production line in Tongguan County. On 7 March 2025, we announced a horizontal acquisition of Wise Trend Investment Limited. This deal is expected to expand the Group's mineral reserves in Subei County and support its sustainable development strategy. As published in the announcement dated 2 June 2025, we entered into a Streaming Agreement with Zijin Metal Company Limited, opening new funding channels to support our business expansion in Subei County.

We continue to promote safe production, environmental protection, and community engagement. This includes providing a safe and healthy working environment, improving employee training, upgrading underground mining and processing equipment with automation, and developing 3D geological and equipment models. We also monitor waste treatment and pollution control measures and actively participate in community donations and events to support local development.

## PROSPECTS

As of August 2025, gold prices remain near historic highs, supported by a weakening U.S. dollar, expectation of interest rate cuts, and growing risks of stagflation or economic recession. These macroeconomic factors, coupled with increasingly volatile geopolitical and geoeconomic conditions as mentioned before, have further solidified gold's role as a safe-haven asset. This has attracted sustained demand from both institutional investors and central banks, reinforcing the strategic importance of our core business. Given the favorable macro environment, our Group will continue to implement strategic measures to improve competitiveness and resource reserves. First, we are actively applying for exploration-to-mining licenses, especially in Tongguan County, to expand growth potential. Second, we speed up exploration to unlock the hidden value of mining areas located in favorable mineralization environments. Third, we continue to seek to acquire high-quality gold assets both locally and internationally to strengthen our mining portfolio.

External support has further validated the market's confidence in the Group's value and strategic direction. The capital injections from Zijin Metal Company Limited and strategic investors in April 2025, along with the signing of the aforementioned Streaming Agreement, further highlights the strong recognition of the Group's resource quality, regulatory compliance, and technical capabilities. The capital injection will be used in Subei County to develop the production line and increase its production capacity, expand drilling operations, and promote green mine development to unlock new growth opportunities and maximize long-term value. In addition, inclusion in the MSCI Global Small Cap Index this month would enhance the Group's visibility and appeal in international capital markets, helping to broaden its investor base and reinforce its reputation as a credible and investable enterprise.

Facing the changing macro environment, we will continue to stay agile and grow steadily, driving the Group's business toward a new stage of high-quality and sustainable development, laying a solid foundation for long-term value creation.

## CORPORATE GOVERNANCE

The Company is committed to comply with its established best practice in corporate governance based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Company has complied with the code provisions (“Code Provision(s)”) of the CG Code as set out in Appendix C1 of the Listing Rules during the Interim Period, except for below deviation as specified and explained below with considered reasons and explanation for such deviation.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Chairman of the Group is responsible for leading the Board to ensure that it operates effectively and performs its duties, while chief executive officer of the Group is responsible for the overall implementation of the Group’s business development and general management. The Company currently has no chief executive officer (the “CEO”) following the resignation of Mr. Wang Hui on 1 June 2016. Until the appointment of the new CEO, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

The Board will continue to regularly review and monitor the Company’s corporate governance practices to ensure compliance with the relevant provisions under the Listing Rules and to maintain a high standard of corporate governance practices of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules. Upon specific enquiries, all Directors confirmed they had complied with the required standards set out in the Model Code during the Interim Period.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises three independent non-executive Directors. They are responsible for ensuring the quality and integrity of internal control, conducting review of the Group’s accounting principles and practices, risk management and the Group’s interim and annual accounts.

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

The Company has not redeemed any of its listed securities during the six months ended 30 June 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the Interim Period.

## REVIEW OF INTERIM RESULTS

The Audit Committee of the Company and management have reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Interim Period.

In addition, the condensed consolidated interim financial statements of the Group for the Interim Period have been reviewed by Rongcheng (Hong Kong) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Interim Period.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published in the Company’s website ([www.tongguangold.com](http://www.tongguangold.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

## CHANGE OF NAME OF AUDITORS

As informed by the Company’s auditors, CL Partners CPA Limited, that its name has been changed to “Rongcheng (Hong Kong) CPA Limited” with effect from 30 June 2025.

By Order of the Board  
**Tongguan Gold Group Limited**  
**Jiang Zhiyong**  
*Chairman and Executive Director*

Hong Kong, 25 August 2025

*As at the date of this announcement, the board of directors of the Company comprises Mr. Jiang Zhiyong, Mr. Shi Xingzhi, Mr. Shi Shengli, Mr. Yeung Kwok Kuen and Ms. Feng Fangqing as executive directors, Mr. Chu Kang Nam, Mr. Liang Xushu and Mr. Leung Ka Wo as independent non-executive directors.*