



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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**CONTINUE TO ENJOY THE BENEFIT FROM BUSINESS GROWTH THROUGH OUR ACQUISITION
STRATEGY. AND CONTINUE TO EXPLORE VARIOUS ACQUISITION/INTEGRATION OPPORTUNITIES
FOR OUR SHAREHOLDERS TO MAXIMIZE SHAREHOLDER VALUE**

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<u>Financial Highlights</u>	For the Six Months Ended 30 June 2024		
	(HK\$'000)		
	2024 (Unaudited)	2023 (Unaudited)	Change (%)
Revenue	849,951	676,548	25.6%
Gross Profit	218,758	49,565	341%
Gross Profit Margin	26%	7%	19 ppt
Profit for the period attributable to:			
Owners of the Company	91,956	13,930	
Non-controlling interests	<u>(1,256)</u>	<u>2,150</u>	
	<u>90,700</u>	<u>16,080</u>	
Earnings per share			
Basic	HK2.26 cents	HK0.41 cents	
Diluted	HK2.26 cents	HK0.41 cents	

(Hong Kong, 26 August, 2024) – **Tongguan Gold Group Limited** (“Tongguan Gold” or the “Group”) (Stock Code: 00340) today hereby announced its interim results for the six months ended 30 June 2024 (the “Interim Period”).

REVIEW OF OPERATIONS

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\$644,847,000, representing an increase of approximately 235.1% from approximately HK\$192,423,000 for the corresponding period in 2023 and was primarily contributed by (i) the increase in average selling price of mine-produced gold by upwards trend of gold from RMB435 per gram for the corresponding period in 2023 to RMB499 per gram in the Interim Period; and (ii) an increase in sale volume of mine-produced gold from approximately 0.39 tonnes for the corresponding period in 2023 to approximately 1.19 tonnes in Interim Period, such increase mainly contributed by Grand Gallant Group.

The cost of sales amounted to approximately HK\$426,242,000, representing an increase of approximately 197.2% from approximately HK\$143,442,000 for the corresponding period in 2023. As results, the gross profit from this operation amounted to approximately HK\$218,605,000 (gross profit margin 33.9%), representing an increase in approximately 346.3% as compared with gross profit of approximately HK\$48,981,000 (gross profit margin 25.5%) for the corresponding period in 2023. The increase in gross profit margin was mainly contributed by increase in average gold grade of ore mined from 3.89 gram per tonne for the corresponding period in 2023 to 5.48 gram per tonne in the Interim Period.

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, the volume of sale of gold bullion was approximately 0.40 tonnes (six months ended 30 June 2023: approximately 1.11 tonnes). Approximately HK\$205,104,000 of revenue (six months ended 30 June 2023: approximately HK\$484,125,000) and approximately HK\$204,951,000 of cost of sales (six months ended 30 June 2023: approximately HK\$483,541,000) 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 (six months ended 30 June 2023: approximately HK\$584,000).

PROSPECTS

In the first half of 2024, the global economy is facing various challenges such as complex geopolitical crises, rising trade protectionism and macro-economic uncertainties. Meanwhile, due to the construction of a new tailings plant in Tongguan County, the Group has suspended the processing plant in Tongguan County since April 2024. Under such uncertain and fluctuating environment, the Group was still able to achieve revenue and net profit growth of approximately 26% and 464%, as compared with the corresponding period in 2023 and was mainly attributable from the revenue and net profit contributed by Grand Gallant Investments Limited and its subsidiaries, which acquired on 21 July 2023. We estimate that the tailings plant in Tongguan County will be completed in the second half of 2024 and expect to drive our revenue and net profit to a higher level.

The profitability of the Group is highly dependent on the gold price in domestic and international markets. Gold prices continue to hit fresh highs and become the new normal in 2024. Market consensus gradually believes that it is reasonable for gold prices to remain at its current levels. The best proof is that a strong yen rally, likely fuelled by a carry trade unwinds, at the end of July 2024, the prices of most class of assets fell but

the gold prices hit a new record high again in middle of August 2024, that mean gold still serves its solid role as a safe-haven asset. Driven by heightened geopolitical risks and expectations of interest rate cut and central bank buying, such factors will continue to be a support point for gold prices. The Group will closely monitor the market trends in commodity prices and take necessary actions to control any potential risks.

The Group is committed to being a responsible corporate citizen and to fulfilling its corporate social responsibility while remaining competitive and sustainable in its business development. Environmental sustainability, safety production and supporting local communities would continue to be the priority tasks of the Group. In response to safety production, the Group adhered to provide safe and healthy working environment, and carried out trainings to all workers and employees to enhance their safety management and technical knowledge skills. To ensure environmental sustainability, the Group continues to monitor and review waste and pollution reduction measures at all of the operating plants to comply with the relevant regulations and requirements. Following the concept of green mines, the Group plans to invest in and pursue mining and processing automation equipments in the forthcoming years aimed at enhancing safety production and increasing efficiency and productivity. To support the local community, the Group continues to participate in various donation and community activities.

Looking forwards, we continue to enjoy the benefit from business growth through our acquisition strategy. We will continue to explore various acquisition/integration opportunities for our shareholders to maximize shareholder value.

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About Tongguan Gold Group Limited (Stock Code: 00340)

Tongguan Gold are principally engaged in (i) gold mining operation, which 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; and (ii) gold recycling, which is purchasing the gold related materials, refining and sale of gold bullion.

Released by Tongguan Gold Group Limited