

To: Business Editor (For immediate release)



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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00340)

**ANNOUNCES ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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**CONTINUE TO SEEK OPPORTUNITIES AND EXPLORE OTHER INVESTMENT OPPORTUNITIES TO  
ENHANCE THE PORTFOLIO, SO AS TO RETURN THE SHAREHOLDERS OF THE COMPANY**

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<u>Financial Highlights</u>	For the Year Ended 31 December 2023		
	(HK\$'000)		
	2023	2022	Change (%)
<b>Turnover</b>	1,497,236	1,244,864	20%
<b>Gross Profit</b>	167,878	139,495	20%
<b>Gross Profit Margin</b>	11%	11%	0 ppt
<b>Profit for the year attributable to:</b>			
<b>Owners of the Company</b>	51,454	50,340	
<b>Non-controlling interests</b>	<u>8,580</u>	<u>6,666</u>	
	60,034	57,006	
<b>Earnings per share</b>			
<b>Basic</b>	HK1.39 cents	HK1.48 cents	
<b>Diluted</b>	HK1.39 cents	HK1.48 cents	

(Hong Kong, 25 March, 2024) – **Tongguan Gold Group Limited** (“Tongguan Gold” or the “Group”) (Stock Code: 00340) today hereby announced its annual results for the year ended 31 December 2023 (the “Year”).

**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 financial year ended 31 December 2023, the Group’s revenue from this operation amounted to approximately HK\$637,693,000, representing an increase of approximately 57% from approximately

HK\$406,442,000 for the year 2022 and was primarily contributed by (i) an increase in average selling price of concentrate gold by upward trend of gold from RMB380 per gram for the year 2022 to RMB454 per gram for the year 2023; and (ii) the inclusion of revenue amounted of approximately HK\$194,970,000 contributed from Grand Gallant Group in year 2023.

The cost of sales from this operation amounted to approximately HK\$470,768,000, representing an increase of approximately 76% from approximately HK\$268,057,000 for the year 2022. The increase in cost of sale was mainly attributed by (i) a decrease in average gold grade of ore mined for processing of concentrate gold from 5.15 gram per tonne for the year 2022 to 3.60 gram per tonne for the year 2023, which directly reduced the gross profit and its margin; and (ii) the inclusion of cost of sales amount of approximately HK\$147,113,000 generated from Grand Gallant Group in year 2023.

As results, gross profit from this operation amounted to approximately HK\$166,925,000 (gross profit margin 26.2%), representing an increase in approximately 21% as compared with gross profit of approximately HK\$138,385,000 (gross profit margin 34.0%) for the year 2022.

### ***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 year ended 31 December 2023, the volume of sale of gold bullion was approximately 1.95 tonnes (2022: 2.05 tonnes). Approximately HK\$859,543,000 (2022: HK\$838,422,000) of revenue and approximately HK\$858,590,000 (2022: HK\$837,312,000) of cost of sales were contributed from this operation in year 2023. Gross profit from this operation was thin and amounted to approximately HK\$953,000 (2022: HK\$1,110,000).

### **PROSPECTS**

In 2023, challenges such as persistent geopolitical and macro-economic uncertainties impacted the global economy, while Mainland China's economy showed signs of recovery from the impact of the COVID-19 pandemic. Against this backdrop, the Group's priority for 2023 remained to explore investment opportunity to enhance our gold mining portfolio and expand our market share. As part of a major development milestone, the Group acquired the entire equity interest in Grand Gallant Investments Limited and its subsidiaries (the "Grand Gallant Group") on 21 July 2023. As published in the announcement dated 7 July 2023, Grand Gallant Group is principally engaged in the exploration and mining of gold and related minerals in Subei County and Guazhou County by undergrounds mining method and operates its own processing plants in Subei County.

In response to foreseeable demand and in compliance with new government requirements, the Group suspends the processing plant's operation in Tongguan County in March 2024 and begins the construction of a new tailings plant in Tongguan County. It is estimated to be completed in about six months. Mining activities in Tongguan County will continue during the suspension of the operation at the processing plant. After the new tailings plant is completed, the processing plant will be resumed at that time and process concentrate gold for sale, thereby minimising the impact on operation. Nevertheless, the production and results of gold mining operation in Tongguan County will be affected by the suspension in year 2024. Moreover, driven by

the gold mining business operated by Grand Gallant Group, the Company's management expects that overall performance of the Group has entered a growth stage in year 2024.

The profitability of the Group is highly dependent on the gold price in domestic and international markets. The market prices of gold (and other precious metals) are correlated to the United States (U.S.) interest rate, global economic environment and stability. As of middle of March 2024, the gold prices hit a record high. According to a report released by World Gold Council, 2023 is another strong year for central bank gold demand. It proved that central banks' enthusiasm for gold has not stopped, especially amid the intensification of international geopolitical and economic uncertainties, and gold still serves its solid role as a safe-haven asset. In addition, the outbreak and persistence of systemic risks in small and medium-sized banks in the U.S. have exposed the stability of the financial system to risks and uncertainties, prompting investors to reconsider gold's investment value amid financial market fluctuations. At the same time, the market consensus on the peak of U.S. interest rates and expectations of an interest rate cut in year 2024 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. To support the local community, the Group continues to participate in various donation and community activities.

Looking forward, the Company's management is optimistic about the Group's operating performance in future, while staying vigilant of various ongoing uncertainties. As always, the Group will continue to explore various long-term value-added investment opportunities for shareholders and reiterate its commitment to maximizing 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***