

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 2021

**CONTINUE TO SEEK FOR OPTIMAL INVESTMENT
OPPORTUNITIES TO EXPAND THE EXISTING GOLD MINING PORTFOLIO**

<u>Financial Highlights</u>	For the Year Ended 31 December 2021		
	(HK\$'000)		
	2021	2020	Change (%)
Turnover	681,721	327,710	108%
Gross Profit	236,864	72,512	227%
Gross Profit Margin	35%	22%	+10 ppt
Profit (loss) for the year attributable to:			
Owners of the Company	138,677	-6,330	
Non-controlling interests	<u>16,623</u>	<u>4,817</u>	
	155,300	-1,513	
Earnings (loss) per share			
Basic	HK4.09 cents	HK(0.19) cents	
Diluted	HK4.09 cents	HK(0.19) cents	

(Hong Kong, 28 March, 2022) – **Tongguan Gold Group Limited** (“Tongguan Gold” or the “Group”) (Stock Code:00340) today hereby announced its annual results for the year ended 31 December 2021 (the “Year”).

During the year, the Group recorded a profit for the year amounted to HK\$155,300,000 (2020: loss of HK\$1,513,000), profit increased by HK\$156,813,000 in 2021 from loss of approximately HK\$1,513,000 for the corresponding period in 2020. Such an increase in profit is primarily due to increase in overall sales volumes, as well as the improvement on gross profit margins from the increase in grade of ore for production .

REVIEW OF OPERATIONS

Gold Mining Operation

The principal activity of the Group's gold mining operation is the production and sale of gold concentrates and related products. For the financial year ended 31 December 2021, the Group's revenue from gold mining operation amounted to approximately HK\$681,721,000, representing an increase of approximately 108% from approximately HK\$327,710,000 for the year 2020 and is primarily contributed by increase in grade in ores mined and sale volumes following the operation of the new processing plant.

The cost of sales amounted to HK\$444,857,000, representing an increase of approximately 74% from approximately HK\$255,198,000 for the year 2020 and is in line with the increase in revenue. Gross profit from operations amounted to approximately HK\$236,864,000, representing an increase in 227% as compared with approximately HK\$72,512,000 for the year 2020. Increase in gross profit margin was mainly attributable to the increase in average grade of ore from 3.23 gram/tonne for the corresponding period in 2020 to 4.87 gram/tonne in 2021.

PROSPECTS

During the financial year under review, the coronavirus pandemic has continued to linger on in Hong Kong and in different parts of the world and the global economy was still adversely affected. Despite the challenging operating environment, our Group has strived to maintain normal operation in most of the time during the period and continued to pursue long-term business growth with sustainable profit growth. The Group has recorded improved profitability in the financial year of 2021 with the momentum of steady growth and the resilient nature of our business amid economic uncertainties.

After the trial running phase in the second half of 2020, the phase one of new processing plant has been fully operated in 2021 which provide the maximum processing capacity at 1,500 tonnes daily. With such increase in application of high-grade ores and the economies of scale brought about by the new processing plant, profitability in 2021 has improved significantly. The Board is confident that this positive trend will continue in the year ahead as production continues to ramp up.

In addition to the above, profitability of the Group also depends on the gold prices in domestic and international markets. The outlook on interest rates and inflation rates have significant roles to play in the global economic environment and stability and in turn, the trend of gold prices ahead. In the previous financial year, the Group sailed through a season of uncertainties in the global economy and we expect this to continue in the year ahead. Looking forward to 2022, the intensifying China-U.S. relations and prospective U.S. monetary policy measures will continue to fuel volatility in the choppy path of global economic recovery. We believe gold's role as a safe haven and store of value will be further enhanced. Therefore, we are confident that the trend of international gold prices will work in our Group's favour. The Group will continue to closely monitor market trends in commodity prices, stay alert and take any actions, if necessary, to control any potential risk.

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. We have put in place measures in waste and pollution reduction in all our operating plants and strive to ensure workplace safety. We have also provide adequate training to all our workers and employees to improve their knowledge on relevant regulations and standards on environmental issues. To fulfill our corporate social responsibility, the Group continues to encourage and incentivize employees and promote the overall efficiency in our operations.

To conclude, the Group will maintain cautious in view of the ongoing uncertainties in the global market and strive to achieve a stable performance. Also, the Group will continue to seek for optimal investment opportunities to expand the existing gold mining portfolio.

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About Tongguan Gold Group Limited (Stock Code: 00340)

Tongguan Gold is principally engaged in the gold mining operation, which includes exploration, mining, processing and sale of gold and related products. The Group's gold mining operation are mainly carried out in the People's Republic of China (the "PRC").

Released by Tongguan Gold Group Limited