

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 2022**

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**BROADEN OUR INCOME STREAM, EXPLORE OUR MARKET SHARE AND ENHANCE OUR REPUTATION  
IN THE GOLD INDUSTRY IN THE MAINLAND CHINA**

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<b>Financial Highlights</b>	<b>For the Year Ended 31 December 2022</b>		
	<b>(HK\$'000)</b>		
	<b>2022</b>	<b>2021</b>	<b>Change (%)</b>
<b>Turnover</b>	1,244,864	681,721	83%
<b>Gross Profit</b>	139,495	236,864	(41%)
<b>Gross Profit Margin</b>	11%	35%	(24%)
<b>Profit for the year attributable to:</b>			
<b>Owners of the Company</b>	50,340	138,677	
<b>Non-controlling interests</b>	<u>6,666</u>	<u>16,623</u>	
	57,006	155,300	
<b>Earnings per share</b>			
<b>Basic</b>	HK1.48 cents	HK4.09 cents	
<b>Diluted</b>	HK1.48 cents	HK4.09 cents	

(Hong Kong, 27 March, 2023) – **Tongguan Gold Group Limited** (“Tongguan Gold” or the “Group”) (Stock Code: 00340) today hereby announced its annual results for the year ended 31 December 2022 (the “Year”).

**REVIEW OF OPERATIONS**

***Gold Mining Operation***

The 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 2022, the Group’s revenue from gold mining operation amounted to approximately HK\$406,442,000, representing a decrease of approximately 40% from approximately HK\$681,721,000 for the year 2021 and was primarily contributed by a decrease in production and sales volumes following strict COVID-19 prevention and control measures and other policies implemented in the PRC, which had to suspension of production for various periods.

The cost of sales amounted to approximately HK\$268,057,000, representing a decrease of approximately 40% from approximately HK\$444,857,000 for the year 2021 and was in line with the decrease in revenue. Gross profit from this operation amounted to approximately HK\$138,385,000 (gross profit margin 34.0%), representing a decrease in approximately 42% as compared with gross profit of approximately HK\$236,864,000 (gross profit margin 34.7%) for the year 2021. The decrease in gross profit was in line with the decrease in revenue as a result of lower production volume and sale volume during the reporting 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 year ended 31 December 2022, the volume of sale of gold bullion was approximately 2.05 tonnes. Approximately HK\$838,422,000 of revenue and approximately HK\$837,312,000 of cost of sales were contributed from this operation in 2022. Gross profit from this operation was thin and amounted to approximately HK\$1,110,000.

### **PROSPECTS**

Stepping into year of 2022, due to the combined impact from the recurring COVID-19 pandemic (the "Pandemic"), the international geopolitical crises and persistent inflationary pressure have hit the global economy hard. To control the Pandemic continuing spreading, the government of Mainland China has implemented a series of preventive measures throughout the year, such as mobility restrictions and quarantines, which led to suspension of gold concentrate production for varying periods, as a result, a decline in our production volume and sale volume. With the gradual easing of the Pandemic and the optimization of the anti-pandemic policies announced by the government of Mainland China, the Group strives to gradually resume to its normal production and expand the exploration and mining activities in 2023.

In addition, in the face of the above challenges, the Group continues to pursue long-term business growth and sustainable profit growth, and successfully extended its gold related business in Mainland China in second half of year 2022, which is sale of physical gold bullion by purchasing gold related materials from other supply chain players, and refining by subcontractors (the "Gold Recycling"). Despite the margin of Gold Recycling is relatively lower, it could broaden our income stream, explore our market share and enhance our reputation in the gold industry in the Mainland China.

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 global economic environment and stability. Gold price has held steady despite strong headwinds from rising interest rates and a strong US dollar through most of the year in 2022. According to World Gold Council, 2022 is the strongest year for gold demand in over a decade. It proved that gold still serves its solid role as a safe-haven asset. Looking ahead, inflation continues to fall with the weakness of US dollar, increasing recession risk and geopolitical risk will serve as support points for gold price in 2023. The above factors have stimulated the interest of investors and global central banks in purchasing of gold, and we expect that the demand and price of the gold will likely to rise. 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 community activities and donate to charities.

To conclude, under the global market uncertainties, the Group would remain vigilant and responsive in a timely manner and strive to achieve stable performance. In addition, the Group will proactively explore other investment opportunities to expand the existing gold mining portfolio, thereby maximizing the value for the shareholders of the Company.

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**About Tongguan Gold Group Limited (Stock Code: 00340)**

Tongguan Gold are principally engaged in (i) gold mining operation, which includes exploration, mining, processing and sale of gold concentrates and related products, and (ii) gold recycling, which is purchasing gold related materials, refining and sale of gold bullion.

***Released by Tongguan Gold Group Limited***