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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by Tongguan Gold Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING — PERFORMANCE OF GOLD MINING BUSINESS SEGMENT

As disclosed in the management discussion and analysis section of the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”), the gold mining operations within Tongguan county was temporarily suspended during May 2018 to July 2018 to carry on environmental upgrade and maintenance and during August 2018 to October 2018 for the environmental inspections by the local authorities. The gold mining operations/productions have been resumed in November 2018. The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company, that, based on preliminary review of the financial information currently available, there may be a slowdown in the performance of gold mining business segment and a decrease in overall production from the gold mining segment in 2018, which may result in a decrease in revenue of the Group for the year ended 31 December 2018 as compared to that for the same period in 2017. Such decrease is likely to be a result of the aforementioned suspension of operation/productions of the gold mines in Tongguan county.

The Company’s shareholders and potential investors should note that the above announcement is made based on unaudited operational data of the Group and the information to the extent available to the Group and such data or information has not been audited or reviewed by the Company’s auditors or the Company’s audit committee.

BUSINESS UPDATE — CONSTRUCTION STATUS OF A NEW PROCESSING PLANT

References are made to the announcements of the Company dated 14 June 2017 and 27 September 2017 and the 2018 Interim Report in relation to the construction status of the new processing plant of the Group's gold mining business located in Tongguan country, Shaanxi Province of the People's Republic of China (the "New Processing Plant").

As disclosed in the management discussion and analysis section of the 2018 Interim Report, the phase one of the New Processing Plant is expected to complete around the end of 2018. However, given the increasing emphasis by the Chinese authorities in relation to the protection of the ecological environment, additional time is required for the alterations and inspection of the New Processing Plant. This resulted in additional construction time. It is currently expected that the phase one of the New Processing Plant will be completed in or around the first half of year 2019.

The Company's shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Tongguan Gold Group Limited
Yeung Kwok Kuen
Executive Director and Chief Financial Officer

Hong Kong, 26 November 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive directors, Mr. Chu Kang Nam, Mr. Ngai Sai Chuen, Mr. Liang Xu Shu and Mr. Leung Ka Wo as independent non-executive directors.