

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

**STRENGTHENING PRODUCTION AND OPERATION MANAGEMENT, OPTIMIZING
PRODUCTION CAPACITY AND EFFICIENCY AND CONDUCTING CONTINUOUS
INSPECTION**

<u>Financial Highlights</u>	For the Six Months Ended 30 June 2021		
	(HK\$'000)		
	2021 (Unaudited)	2020 (Unaudited)	Change (%)
Revenue	280,143	86,728	223%
Gross Profit	100,006	22,388	347%
Gross Profit Margin	36%	26%	10 ppt
Profit/(loss) for the period attributable to:			
Owners of the Company	67,141	(5,804)	
Non-controlling interests	<u>7,889</u>	<u>962</u>	
	<u>75,030</u>	<u>(4,842)</u>	
Earning/(loss) per share			
Basic	HK1.98 cents	HK(0.17) cents	
Diluted	HK1.98 cents	HK(0.17) cents	

(Hong Kong, 25 August, 2021) – **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 2021 (the “Interim Period”).

During the Interim Period, the Group recorded an unaudited profit attributable to owners of the Company amounted to HK\$67,141,000 (six months ended 30 June 2020: loss of HK\$5,804,000). Profit from operations increased by HK\$72,945,000 to approximately HK\$67,141,000 in 2021 from loss of approximately HK\$5,804,000 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 a favourable trend of gold price and increase in grade of ore for production.

Administrative and other expenses amounted to approximately HK\$27,696,000, representing an increase of approximately 26% from approximately HK\$22,058,000 for the corresponding period in 2020 and is primarily due to increase in salary for newly employed staff for the new processing plant and performance bonus issued to staff in 2021.

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 Interim Period, the Group's revenue from gold mining operation amounted to approximately HK\$280,143,000, representing an increase of approximately 223% from approximately HK\$86,728,000 for the corresponding period in 2020 and is primarily contributed by increase in gold price and sale volumes following the operation of the new processing plant. The cost of sales amounted to HK\$180,137,000, representing an increase of approximately 180% from approximately HK\$64,340,000 for the corresponding period in 2020 and is in line with the increase in revenue. Gross profit from operations amounted to approximately HK\$100,006,000, representing an increase in 347% as compared with approximately HK\$22,388,000 for the corresponding period in 2020. The average gross profit margin for the current period was 36%, representing an increase of 10 percentage points as compared with 26% of average gross profit margin in the corresponding period in 2020. Increase in gross profit margin was mainly attributable to the increase in average selling price by upward trend of gold from RMB343/gram for the corresponding period in 2020 to RMB370/gram in 2021 and the increase in average grade of ore from 3.46 gram/tonne for the corresponding period in 2020 to 4.81 gram/tonne in 2021.

PROSPECTS

Stepping into 2021, COVID-19 has been relatively under control in various parts of the world, through still with some challenges. The economy has been improving on a global basis as well as the gaining pace on its way to gradual resumption in international trade, investment and manufacturing activities. Under such optimistic business environment, the Group has achieved a promising performance under the period of review by strengthening production and operation management, optimizing production capacity and efficiency and conducting continuous inspection.

Economies of scale have been achieved since the commencement of new processing plant last year. Following the modernization and automation of operation, the production has reached its remarkable record in 2021. The Group is confident that the production volume can be constantly increased in the foreseeable future.

Having said that, 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. During the period under review, although the global economic is recovering which lowers risk aversion sentiment, the heated inflation and constant challenges posed by the COVID-19 viruses offsets such effect. Therefore, gold will continue to serve as a popular reserve asset among the public. The management of the Group will also closely follow the market trends in commodity prices and take necessary actions to mitigate any potential risks.

Further, the Group believes that corporate social responsibility is highly correlated to its business performance. In line with such belief, the Group will increase safety and environmental investment as well as promoting the concept of sustainable development. “Green mine” will be promoted so as to create an environment-friendly workplace and to reduce pollutants and wastes. Workshops and trainings have also been provided during the period under review.

Looking forward, the Group would proactively seize the opportunities in expanding the gold mining portfolio and accelerate the pace of modern mining and processing.

— End —

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