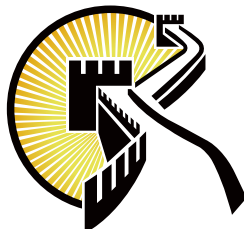


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## **PERSISTENCE RESOURCES GROUP LTD**

**集海資源集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2489)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **FINANCIAL HIGHLIGHTS**

For the six months ended 30 June 2024, the Group's revenue was approximately RMB236,173,000 (30 June 2023: RMB196,659,000), representing an increase of approximately 20.1% as compared to the previous period.

For the six months ended 30 June 2024, the Group's net profit was approximately RMB78,867,000 (30 June 2023: RMB52,769,000), representing an increase of approximately 49.5% as compared to the previous period.

For the six months ended 30 June 2024, the profit attributable to owners of the parent was approximately RMB57,284,000 (30 June 2023: RMB37,261,000), representing an increase of approximately 53.7% as compared to the previous year.

For the six months ended 30 June 2024, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.03, (30 June 2023: RMB0.02 (restated)), representing an increase of 50% as compared to the previous period.

## **INTERIM DIVIDEND**

On 30 August 2024, the Board declared an interim dividend of HK\$0.0295 per ordinary share. The total payout for the interim dividend will amount to approximately HK\$59,000,000. The aforesaid interim dividend will be paid on 25 September 2024 to the Shareholders whose names appear on the register of members of our Company at the close of business on 17 September 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Persistence Resources Group Ltd (the “**Company**”) is pleased to announce the consolidated unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the audited comparative figures for the six months ended 30 June 2023 as set forth below.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>REVENUE</b>	5	<b>236,173</b>	196,659
Cost of sales		<b>(110,693)</b>	(104,277)
<b>Gross profit</b>		<b>125,480</b>	92,382
Other income and gains		<b>10,725</b>	5,428
Administrative expenses		<b>(19,445)</b>	(16,655)
Other expenses		<b>(586)</b>	–
Finance costs		<b>(1,397)</b>	(1,657)
<b>PROFIT BEFORE TAX</b>	6	<b>114,777</b>	79,498
Income tax expense	7	<b>(35,910)</b>	(26,729)
<b>PROFIT FOR THE PERIOD</b>		<b>78,867</b>	52,769
Attributable to:			
Owners of the parent		<b>57,284</b>	37,261
Non-controlling interests		<b>21,583</b>	15,508
		<b>78,867</b>	52,769

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of financial statements of subsidiaries		<u>(2,388)</u>	<u>(9,266)</u>
		<b>(2,388)</b>	<b>(9,266)</b>
<i>Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of financial statements of the Company		<u>4,103</u>	<u>10,459</u>
		<b>4,103</b>	<b>10,459</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET OF TAX</b>		<u><b>1,715</b></u>	<u><b>1,193</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<u><b>80,582</b></u>	<u><b>53,962</b></u>
Attributable to:			
Owners of the parent		<u>58,999</u>	<u>38,454</u>
Non-controlling interests		<u>21,583</u>	<u>15,508</u>
		<u><b>80,582</b></u>	<u><b>53,962</b></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD</b>			
Basic and diluted	9	<u><b>RMB0.03</b></u>	<u><b>RMB0.02</b></u> (Restated)

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>350,700</b>	342,520
Right-of-use assets		<b>108,333</b>	110,885
Intangible assets		<b>114,191</b>	117,843
Deferred tax assets		<b>7,260</b>	6,727
Other long-term assets		<b>5,480</b>	3,732
		<hr/>	<hr/>
Total non-current assets		<b>585,964</b>	581,707
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>17,282</b>	21,821
Prepayments, other receivables and other assets		<b>4,508</b>	7,901
Restricted and pledged deposits		<b>20,896</b>	19,232
Cash and cash equivalents		<b>661,318</b>	586,840
Current portion of other long-term assets		<b>400</b>	400
		<hr/>	<hr/>
Total current assets		<b>704,404</b>	636,194
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>10,909</b>	10,273
Other payables and accruals		<b>21,467</b>	29,055
Deferred income		<b>85</b>	170
Interest-bearing bank and other borrowings		<b>30,000</b>	30,000
Tax payable		<b>95,718</b>	99,104
Provision		<b>1,305</b>	1,305
Current portion of other long-term liabilities		<b>7,369</b>	7,369
		<hr/>	<hr/>
Total current liabilities		<b>166,853</b>	178,086
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>537,551</b>	458,108
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,123,515</b>	1,039,815
		<hr/>	<hr/>

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Provision	<b>25,415</b>	25,091
Other long-term liabilities	<b>23,844</b>	23,878
Deferred tax liabilities	<b>17,739</b>	14,911
	<hr/>	<hr/>
Total non-current liabilities	<b>66,998</b>	63,880
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>1,056,517</b>	975,935
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>18,172</b>	18,172
Reserves	<b>868,615</b>	809,616
	<hr/>	<hr/>
	<b>886,787</b>	827,788
<b>Non-controlling interests</b>	<b>169,730</b>	148,147
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>1,056,517</b>	975,935
	<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	114,777	79,498
Adjustments for:		
Finance costs	1,397	1,657
Gain on disposal of items of property, plant and equipment	–	(59)
Depreciation of items of property, plant and equipment	21,383	15,998
Depreciation of right-of-use assets	5,160	4,447
Amortisation of intangible assets	3,652	3,980
	146,369	105,551
Decrease in inventories	4,539	7,342
Decrease/(increase) in prepayments, other receivables and other assets	3,393	(2,787)
Increase/(decrease) in trade payables	636	(2,850)
Increase in restricted and pledged bank deposits	(1,664)	(1,618)
Decrease in other payables and accruals	(7,404)	(464)
Increase in provision	–	345
	145,869	105,519
<b>Cash generated from operations</b>	<b>145,869</b>	<b>105,519</b>
Tax paid	(37,811)	(9,299)
	108,058	96,220
<b>Net cash flows from operating activities</b>	<b>108,058</b>	<b>96,220</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(30,644)	(28,412)
Proceeds from disposal of property, plant and equipment	–	59
Additions to intangible assets	(314)	–
Additions to right-of-use assets	(2,608)	–
	(33,566)	(28,353)
<b>Net cash flows used in investing activities</b>	<b>(33,566)</b>	<b>(28,353)</b>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of listing expenses	(936)	–
Increase in amounts due to related companies	–	456
Repayment of advances from related parties	–	461
Repayment of other long-term liabilities	(221)	(534)
Interest paid	(572)	(721)
Dividends paid to non-controlling interests	(10,000)	–
Contribution from non-controlling shareholders	10,000	–
	<u>(1,729)</u>	<u>1,260</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<u>72,763</u>	<u>66,607</u>
Cash and cash equivalents at beginning of period	<u>586,840</u>	<u>282,187</u>
Effects of exchange rate changes on cash and cash equivalents	<u>1,715</u>	<u>1,207</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	<u><u>661,318</u></u>	<u><u>350,001</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	<u>661,318</u>	<u>350,001</u>
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS</b>		
	<u><u>661,318</u></u>	<u><u>350,001</u></u>



# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. CORPORATE AND GROUP INFORMATION

Persistence Resources Group Ltd (the “**Company**” or “**Group**”) is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the mining, processing and sale of gold bullion in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors, the holding company of the Company is Majestic Gold Corp., which was incorporated in the province of British Columbia, Canada.

### Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
<b>Directly held:</b>					
Majestic Yantai Gold Ltd.*	(1)	British Virgin Islands/ 1 July 2004	USD50,000	100%	Investment holding
PRG Res Holding 1 Ltd.*	(1)	British Virgin Islands/ 15 January 2024	USD50,000	100%	Investment holding
PRG Res Holding 2 Ltd.*	(1)	British Virgin Islands/ 15 January 2024	USD50,000	100%	Investment holding
<b>Indirectly held:</b>					
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. (“ <b>Yantai Zhongjia</b> ”) **	(2)	PRC/Chinese Mainland/ 17 March 2005	RMB228,705,500	75%	Mining, processing and sale of gold
PRG Res HK 1 Limited**	(2)	Hong Kong/ 29 January 2024	HKD1	100%	Investment holding
PRG Res HK 2 Limited**	(2)	Hong Kong/ 29 January 2024	HKD1	100%	Investment holding

(1) \* This company is a wholly-owned subsidiary of the Company.

(2) \*\* This company is a subsidiary indirectly owned by the Company.

The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate the Chinese name of this company as it does not have an official English name.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. The Interim Financial Information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

#### 4. OPERATING SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment which is mining and processing gold that is ultimately sold as gold bullion. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

##### Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Chinese Mainland and no non-current assets of the Group are located outside Chinese Mainland.

##### Information about the major customer

Revenue from the major customer is set out below:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Customer A	<u>236,173</u>	<u>196,659</u>

#### 5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Revenue from contracts with customers	<u>236,173</u>	<u>196,659</u>

##### Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
<b>Types of goods or services</b>		
Sale of gold bullion	<u>236,173</u>	<u>196,659</u>
<b>Timing of revenue recognition</b>		
Recognised at a point in time	<u>236,173</u>	<u>196,659</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Cost of inventories sold	110,693	104,277
Depreciation of property, plant and equipment*	21,383	15,998
Depreciation of right-of-use assets*	5,160	4,477
Amortisation of intangible assets*	3,652	3,980
Research and development costs	4,169	3,229
Gain on disposal of items of property, plant and equipment	–	(59)

\* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets for the period is included in “Cost of inventories sold”, “Research and development costs” and “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and its subsidiary incorporated in the Cayman Islands and British Virgin Islands, respectively, are not subject to any income tax.

The subsidiary of the Group operating in Mainland China is generally subject to the PRC corporate income tax at a rate of 25% for both the period ended 30 June 2024 and 30 June 2023.

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Current tax:		
PRC corporate income tax	33,615	22,458
Deferred tax	2,295	4,271
Total tax charge for the year	35,910	26,729

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Profit before tax	<b>114,777</b>	79,498
At the statutory income tax rate of 25%	<b>28,694</b>	19,875
Effect of tax rate differences in other jurisdictions	<b>410</b>	1,268
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	<b>5,828</b>	4,187
Expenses not deductible for tax	<b>978</b>	1,399
Total	<b>35,910</b>	26,729

## 8. DIVIDEND

On 30 August 2024, the board of directors declared an interim dividend of HK\$0.0295 (six months ended 30 June 2023: Nil) per ordinary share, amounting to a total of approximately HK\$59,000,000 (six months ended 30 June 2023: Nil). The interim dividend has not been recognised as a liability at the end of the reporting period.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,000,000,000 (2023: 1,500,000,000) in issue during the period used in the calculation is the number of ordinary shares in issue during the period.

The calculation of basic earnings per share is based on:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: (RMB'000)	<b>57,284</b>	37,261
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation:	<b>2,000,000,000</b>	1,500,000,000 (restated)

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets of property, plant and equipment at a total cost of RMB29,563,000 (30 June 2023: RMB39,647,000).

Assets with a net book value of nil were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: nil), resulting in a net gain on disposal of nil (30 June 2023: RMB59,000).

The ownership certificates of certain property, plant and equipment with an aggregate net carrying value of RMB2,010,000 (30 June 2023: RMB2,172,000) have not yet been obtained as at 30 June 2024.

## 11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Within one year	<b><u>10,909</u></b>	<b><u>10,273</u></b>

The trade payables are non-interest-bearing and normally settled in 30 to 90 days.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Results for the Six Months Ended 30 June 2024

#### *Gold Production*

For the Reporting Period, the Group's total gold production volume was approximately 453.7 kg (or approximately 14,587.0 ounces), representing a decrease of approximately 4% as compared to the corresponding period of 2023. The decrease in total gold output was mainly due to temporary pause of mining activities of the underground mine during February 2024 as the supply of explosive was restricted by the government authority as well as underground mine staff were on annual leave in celebration of the Chinese New Year during February 2024.

#### *Revenue*

For the Reporting Period, the Group's revenue was approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000), representing an increase of approximately 20.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% partially offset by the decrease in sales volume by 0.8%.

#### *Net Profit*

For the Reporting Period, the Group's net profit was approximately RMB78,867,000 (corresponding period of 2023: RMB52,769,000), representing an increase of approximately 49.5% as compared to the corresponding period of 2023. The increase in net profit was primarily due to the increase in gross profit as a result of the higher average selling price, as well as an increase in interest income earned on the Group's cash and cash equivalent balances and was partially offset by an increase in post-listing administrative expenses.

#### *Earnings Per Share*

For the Reporting Period, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.03, (restated basic and diluted earnings per share for the corresponding period of 2023: RMB0.02), representing an increase of 50% as compared to the corresponding period of 2023.

## **II. Market Overview**

During the Reporting Period, the complex and volatile domestic and external environment has become more complicated and severe, bringing many uncertain impacts to the global economy. The increase in gold demand in the first half of 2024 as compared with 2023 was mainly attributed to the economic and geopolitical uncertainties as well as the interest rate drivers.

In the first half of 2024, the global gold spot price continued to rise, reaching the highest price at US\$2,444.35 per ounce in the second quarter and the average global gold spot price was US\$2,205.06 per ounce in the first half of 2024. The rise in gold spot price was primarily driven by the escalating geopolitical risks and the interest rate outlook to the US budget deficit concerns, inflation hedging and central bank buying. As a traditional safe-haven asset, the gold spot price has further increased in China since the China Central Bank has been continuing its gold purchasing power due to the local asset uncertainty and risks associated with the economic outlook. China's gold spot price continued to rise in the first half of 2024, reaching the highest price at RMB574.11 per gram in the second quarter and the average gold spot price in the PRC was RMB520.63 per gram in the first half of 2024.

## **III. Business Review**

In the Reporting Period, the gold production volume of the Group was approximately 453.7 kg (equivalent to approximately 14,587.0 ounces), representing a decrease of approximately 18.8 kg (equivalent to approximately 604.2 ounces) or 4.0% as compared with the corresponding period of 2023. The decrease in total gold output was mainly due to temporary pause of mining activities of the underground mine during February 2024 as the supply of explosive was restricted by the government authority as well as underground mine staff were on annual leave in celebration of the Chinese New Year during February 2024. Nevertheless, the Group's revenue increased by approximately 20.1% to approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000) as compared with the corresponding period of 2023. The net profit of the Group was approximately RMB78,867,000 (corresponding period of 2023: RMB52,769,000). The basic and diluted earnings per share amounted to approximately RMB0.03 (corresponding period of 2023: RMB0.02 (restated)).



## **IV. Financial Analysis**

### ***Revenue***

For the Reporting Period, the Group's revenue was approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000), representing an increase of approximately 20.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% partially offset by the decrease in sales volume by 0.8%.

### ***Cost of Sales***

For the Reporting Period, the Group's cost of sales was approximately RMB110,693,000 (corresponding period of 2023: RMB104,277,000), representing an increase of approximately 6.2% as compared to the corresponding period of 2023.

### ***Gross Profit and Gross Profit Margin***

During the Reporting Period, the Group's gross profit was approximately RMB125,480,000 (corresponding period of 2023: RMB92,382,000), representing an increase in gross profit of approximately 35.8%. The increase in gross profit was primarily due to the increase in average selling price.

During the Reporting Period, the Group's gross profit margin was approximately 53.1% (corresponding period of 2023: 47.0%), representing an increase in gross profit margin of approximately 13.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% offset by the increase in cost of sales by 6.2%.

### ***Other Income and Gains***

During the Reporting Period, the Group's other income and gains were approximately RMB10,725,000 (corresponding period of 2023: RMB5,428,000), representing an increase of approximately 97.6% as compared to the corresponding period of 2023. The increase in other income and gains was mainly due to the an increase in interest income earned on the Group's cash and cash equivalent balances.

### ***Administrative Expenses***

The Group's administrative expenses were approximately RMB19,445,000 during the Reporting Period (corresponding period of 2023: RMB16,655,000), representing an increase of approximately 16.8% as compared to the corresponding period of 2023. The increase of administrative expenses was mainly due to the higher post-listing administrative expenses, as well as the increase in research and development expenses which were included in the administrative expenses.

### ***Other Expenses***

For the Reporting Period, the Group's other expenses were approximately RMB586,000 (corresponding period of 2023: nil). The increase was mainly attributable to increase in foreign exchange loss for the Reporting Period.

### ***Finance Costs***

For the Reporting Period, the Group's finance costs were approximately RMB1,397,000 (corresponding period of 2023: RMB1,657,000), representing a decrease of approximately 15.7% as compared to the corresponding period of 2023. The decrease was mainly due to the decrease in the effective interest rate.

### ***Income Tax Expense***

For the Reporting Period, the Group's income tax expense was approximately RMB35,910,000 (corresponding period of 2023: RMB26,729,000), representing an increase of approximately 34.3% as compared to the corresponding period of 2023. The increase was primarily due to the increase in profit before tax of the Group. During the Reporting Period, the corporate income tax within the territory of the PRC has been provided at a rate of 25% (corresponding period of 2023: 25%) on the taxable income. The effective tax rate of the Group is approximately 31.3% during the Reporting Period (corresponding period of 2023: approximately 33.6%).

### ***Profit Attributable to Owners of the Parent***

For the Reporting Period, the Group's profit attributable to the owners of the parent was approximately RMB57,284,000, representing an increase of approximately 53.7% from approximately RMB37,261,000 for the corresponding period of 2023. The increase was mainly due to the increase in the profit after tax.

### ***Liquidity and Capital Resources***

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations, bank borrowings and capital injection from shareholders, while the Group's capital for operating activities is mainly utilized to provide funding for purchase of raw materials, various operating expenses and capital expenditure. The cash and cash equivalents of the Group were RMB661,318,000 as at 30 June 2024.

### ***Cash Flows and Working Capital***

The Group's cash and cash equivalents have increased from approximately RMB586,840,000 as at 31 December 2023 to approximately RMB661,318,000 as at 30 June 2024. The increase was mainly due to net cash generated from the Group's operating activities. The Group's working capital as at 30 June 2024 was RMB537,551,000, compared to RMB458,108,000 as at 31 December 2023.

As at 30 June 2024, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB182,226,000 (31 December 2023: RMB213,556,000), those denominated in Canadian dollars amounted to approximately RMB626,000 (31 December 2023: RMB634,000), those denominated in United States dollars amounted to approximately RMB110,053,000 (31 December 2023: RMB64,955,000). All other cash and cash equivalents held by the Group are denominated in RMB.

### ***Borrowings***

As at 30 June 2024, the Group had outstanding bank borrowings of approximately RMB30,000,000 (31 December 2023: RMB30,000,000), all of which were denominated in RMB. As at 30 June 2024, 100% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

### ***Gearing Ratio***

The Group monitors capital using gross gearing ratio which is total debt divided by total equity and net gearing ratio which is net debt divided by total capital plus net debt. Total debt includes interest-bearing bank borrowings. Net debt includes interest-bearing bank borrowings, lease liabilities, amounts due to related parties, trade payables, financial liabilities included in other payables and accruals, and other long-term liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

### ***Market Risks***

The Group is exposed to a variety of financial risks such as interest rates risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

### ***Gold Prices and Other Commodities Prices Risks***

The Group's revenue and profit were affected by fluctuations in the gold prices and other commodity prices as all of our products were sold at market prices and such fluctuations in prices were beyond our control. Our revenue is generated from the sale of gold bullion refined by third party smelters derived from gold concentrate processed by us, with reference to the prevailing Au (T+D) spot price as quoted on the Shanghai Gold Exchange. Historically, while the gold price has increased in value over time, it has fluctuated widely and there can be no assurance that the gold price will not continue to fluctuate in the future or that such prices will otherwise remain at sufficiently high levels to support our profitability and cash flow.

### ***Interest Rate Risk***

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings. The Group had not used any derivative financial instruments to hedge interest rate risk during the Reporting Period, and obtains all bank borrowings with a fixed rate.

### ***Credit Risk***

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. The balances of trade receivables were nil as at 30 June 2024 and as at 31 December 2023. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

### ***Foreign Exchange Risk***

The Group's transactions are mainly denominated in Renminbi. As such, the fluctuations in exchange rates may affect international and domestic gold prices, which may therefore affect the Group's operating results. The Group has currency exposures mainly arising from cash at banks denominated in USD and CAD. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. The Group constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

### ***Risk of Change in Industry Policies***

An array of laws, regulations and rules on the gold mining and refining industry in China constitutes the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation (including licences and permits), etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

### ***Pledge***

As at 30 June 2024, except RMB20,896,000 (31 December 2023: RMB19,232,000) of pledged deposits represented environmental rehabilitation deposits placed in banks for environmental rehabilitation of land the Group developed for the mine as required under the relevant PRC laws and regulations, the Group has not pledged any assets.

### ***Contractual Obligations***

As at 30 June 2024, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were RMB7,584,000 (31 December 2023: Nil).

### ***Contingent Liabilities***

As at 30 June 2024, the Group had no material contingent liabilities.

## **V. Business Prospects**

Gold prices have continued to hit fresh high in 2024 due to a wide range of factors such as from the escalating geopolitical risks, the interest rate outlook to the U.S. budget deficit concerns, inflation hedging and central bank buying. Gold price blistering rally this year was mainly fueled by expectations that during the first half of 2024 the Federal Reserve (Fed) would cut interest rates as many as three times in 2024 as stubborn inflation started to ease. China's gold market represents approximately one fifth of global sales. Amid a landscape of growing geopolitical tensions and global uncertainties, such as the general elections in the US, the role of gold as a stable investment continues to reinforced. Central Banks in market such as China, India and Turkey are proactively boosting their gold reserves. Therefore, the China's gold spot price is expected to continue boosting gold prices rise in the foreseeable future.

For extension of the southern boundary of our Songjiahou Open-Pit Mine, the net proceeds has been used to fund the bench construction of mining infrastructure in accordance with our mine optimisation plan. Up to June 2024, we have completed the bench construction at +81 metres ASL. Furthermore, the bench construction at +69 metres ASL are almost completed except for a minor slope support infrastructure which will be completed by the end of September 2024. For the time being, we are working at +57 metres ASL and expected to be completed by the end of this year.

For upgrading of our gold reserves to increase life of mine, the Company signed a drilling contract with an independent third party contractor. The first phase of drilling of 10 holes is scheduled to complete on 30 September. The second phase of drilling of 17 holes is scheduled to be completed by the end of this year. At that time, a summary report of mineral drilling will be submitted to management for further review and consideration.

The Company will also strive to achieve sustainable growth to strengthen the Group's position in the Shandong Province by exploiting the Group's operational efficiencies and growth opportunities, further developing existing assets of the Group and acquiring value-accretive assets in the PRC to substantially scale up mining operations of the Group, gold concentrate processing operations and increase gold reserves.

Reference is made to the announcement dated 25 March 2024 where the Company's wholly-owned subsidiary PRG Res Holding 2 Ltd. entered into a letter of intent with a potential vendor (the "**Vendor**") and a target company incorporated in the PRC (the "**Target Company**"), pursuant to which PRG Res Holding 2 Ltd. may acquire and the Vendor may sell, 70% of the issued share capital of the Target Company. The Target Company is principally engaged in gold mining and processing, emergency rescue for mine accidents, preventive safety inspection, property leasing and investment with its own fund. The Target Company owns mining licenses of three gold mines located in Yantai city of the Shandong Province in the PRC. The due diligence process on the Target Company is now carrying out by various professional parties such as lawyers, auditors, valuers and technical consultant.

## **VI. USE OF PROCEEDS FROM GLOBAL OFFERING**

Reference is made to the announcement dated 23 August 2024 in relation to, among other things, change in use of the Net Proceeds from the Global Offering ("**the UOP Announcement**"). Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the UOP Announcement.

The shares of the Company were listed on the Hong Kong Stock Exchange on 22 December 2023 and the Company obtained net proceeds of approximately HK\$218.3 million (after deducting the underwriting commissions and other expenses in connection with the exercise of the Global Offering).

For the period from the listing date (being 22 December 2023, the “**Listing Date**”) up to 30 June 2024, the Company has utilized approximately HK\$24.9 million of the net proceeds raised from the Global Offering and the unutilised portion of the Net Proceeds amounted to approximately HK\$193.4 million.

Details of the original and the Revised Allocation of the Net Proceeds as at 30 June 2024 are as follows:

Business objective as stated in the Prospectus	% of the Net Proceeds	Net Proceeds and utilisation		Unutilised Net Proceeds as of the date of this announcement <i>HK\$ million</i>	Revised Allocation <i>HK\$ million</i>	Expected timeline for utilisation
		Actual amount available for utilisation <i>HK\$ million</i>	Utilised amount as of the date of this announcement <i>HK\$ million</i>			
Further construction of mining infrastructure in accordance with the mine optimisation plan of the Group	20.4%	44.5	15.3	29.2	29.2	By June 2025
Upgrade gold reserves to increase LoM through additional exploration activities at the existing mine area of the Group	2.0%	4.4	0	4.4	4.4	By December 2024
Expand the business of the Group through selective acquisitions of gold mining assets	55.0%	120.1	0	120.1	147.6	By February 2025
Repayment of existing bank loans guarantees	12.6%	27.5	0	27.5	Reallocated to acquisitions	N/A
Working Capital	10.0%	21.8	9.6	12.2	12.2	By December 2025
<b>Total</b>	<b>100.0%</b>	<b>218.3</b>	<b>24.9</b>	<b>193.4</b>	<b>193.4</b>	

*Note:* The portion initially allocated for repayment of existing bank loans guarantees is reallocated to the expansion of the business of the Group through selective acquisitions of gold mining assets. Other than that, the Group has no other changes to the use of the Unutilised Net Proceeds.

## **OVERVIEW OF SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets, or any other significant investments, acquisitions and disposals during the Reporting Period.

## **DETAILS OF SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there have been no other material events occurring after the Reporting Period and up to the date of this announcement.

## **PRE-EMPTIVE RIGHTS**

There is no provision or regulation for pre-emptive rights under the Company's articles of association or the Cayman Island laws which requires the Company to issue new shares to the existing shareholders according to their respective proportions of shareholding.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Except for the new issue of Shares under the Global Offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Save as disclosed below, since the Listing Date and up to the date of this announcement, the Company had complied with the code provisions of the Appendix C1 to the Listing Rules (collectively, the "**CG Code**"). No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the CG Code by the Company at any time during the Reporting Period, except for certain deviations as specified with considered reasons for such deviations which are explained below.

### **Chairman and Chief Executive Office**

Under code provision C.2.1 of the CG Code, the roles of the chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") of the Company should be separated and should not be performed by the same individual.

The Company has not separated the roles of Chairman and the CEO. Dr. Shao Xuxin ("**Dr. Shao**") was the Chairman and also the CEO and is responsible for overseeing the operations of the Group. In view of the fact that Dr. Shao has been operating and managing the Group since 2019, the Board believes that it is in the best interests of the Group to have Dr. Shao taking up both roles for effective management and business development. The Board also believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although Dr. Shao performs both roles of Chairman



and CEO, the division of responsibilities between the two roles is clearly established. While the Chairman is responsible for supervising the functions and performance of the Board, the CEO is responsible for the management of the Group's business. The Board considers that the balance of power and authority for the present arrangement will not be impaired given the appropriate delegation of the power of the Board to the Senior Management for the day-to-day management of the Group, and the effective functions of the independent non-executive Directors representing at least one-third of the Board such that no one individual has unfettered power of decisions. This structure will also enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors will review the corporate governance policies regularly to ensure compliance with the CG Code.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

After making specific enquiries with all Directors, all Directors confirmed that they have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules during the Reporting Period and up to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group throughout the period from the Listing Date to the date of this announcement.

### **AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to (i) review and supervise the Group's financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Ngai Fan, Dr. Malaihollo Jeffrey Francis A and Dr. Zeng Ming. Mr. Chan Ngai Fan serves as the chairperson of the Audit Committee.

The Audit Committee and the Company's auditors have reviewed the unaudited consolidated interim financial statements of the Group as set out in this results announcement for the Reporting Period. The Audit Committee and the Company's auditors are both of the view that the unaudited consolidated interim financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

## **INTERIM DIVIDEND**

On 30 August 2024, the Board declared an interim dividend of HK\$0.0295 per ordinary share. The total payout for the interim dividend will amount to approximately HK\$59,000,000. The aforesaid interim dividend will be paid on 25 September 2024 to the Shareholders whose names appear on the register of members of our Company at the close of business on 17 September 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain the identity of the Shareholders who are entitled to the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 12 September 2024. The register of members of the Company will be closed from 13 September 2024 to 17 September 2024, both days inclusive, during which no transfer of shares will be registered.

## **PUBLICATION OF FINANCIAL RESULTS AND INTERIM REPORT**

This results announcement is published on the Company's website at [www.persisteresources.com](http://www.persisteresources.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2024 will be despatched to the Shareholders and available on the same websites in due course.

## **APPRECIATION**

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to the Shareholders, investors and business partners for their trust and support.

By order of the Board

**Persistence Resources Group Ltd**

**SHAO Xuxin**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises Dr. Shao Xuxin, Mr. Mackie James Thomas, Mr. Lo Cheuk Kwong Raymond and Mr. Chen Shaohui as executive Directors; Mr. Chen Li Bei as non-executive Director; and Dr. Malaihollo Jeffrey Francis A, Mr. Chan Ngai Fan, Dr. Zeng Ming and Ms. Liu Li as independent non-executive Directors.*