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)

2025 FIRST QUARTERLY REPORT

The board (the "**Board**") of directors (the "**Directors**") of Persistence Resources Group Ltd (the "**Company**") is pleased to announce the unaudited results (the "**First Quarterly Report**") of the Company and its subsidiaries (collectively the "**Group**") for the first quarter ended 31 March 2025 (the "**Reporting Period**"). This announcement is made pursuant to Rule 13.09 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 Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The First Quarterly Report of the Company is unaudited. The audit committee of the Company has reviewed the results of the Group for the first quarter ended 31 March 2025.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
REVENUE	**138,544**	109,224
Cost of sales	**(65,758)**	(51,677)
Gross profit	**72,786**	57,547
Other income and gains	**3,543**	5,018
Administrative expenses	**(12,346)**	(9,843)
Other expenses	**(342)**	(595)
Finance costs	**(868)**	(698)
PROFIT BEFORE TAX	**62,773**	51,429
Income tax expense	**(20,702)**	(15,130)
PROFIT FOR THE PERIOD	**42,071**	36,299
Attributable to:		
Owners of the parent	**29,693**	26,167
Non-controlling interests	**12,378**	10,132
	42,071	36,299

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of subsidiaries	**699**	95
	699	95
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**699**	95
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**42,770**	36,394
Attributable to:		
Owners of the parent	**30,392**	26,262
Non-controlling interests	**12,378**	10,132
	42,770	36,394
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted	**RMB1.48 cents**	RMB1.31 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2025 *RMB'000* **(unaudited)**	31 December 2024 *RMB'000* (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**485,325**	343,899
Right-of-use assets	**141,794**	105,051
Intangible assets	**321,808**	110,341
Deferred tax assets	**8,015**	8,015
Other long-term assets	**4,532**	265
Goodwill	**59,148**	–
Total non-current assets	**1,020,622**	567,571
CURRENT ASSETS		
Inventories	**27,058**	18,040
Prepayments, other receivables and other assets	**28,139**	8,540
Restricted and pledged deposits	**32,974**	21,212
Cash and cash equivalents	**689,364**	639,599
Total current assets	**777,535**	687,391
CURRENT LIABILITIES		
Trade payables	**21,205**	11,501
Other payables and accruals	**47,335**	23,826
Due to related companies	**146,233**	–
Interest-bearing bank and other borrowings	**69,160**	–
Lease liabilities	**620**	638
Tax payable	**112,029**	93,746
Provision	**1,223**	2,296
Current portion of other long-term liabilities	**18,264**	7,369
Total current liabilities	**416,069**	139,376
NET CURRENT ASSETS	**361,466**	548,015
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,382,088**	1,115,586

	31 March 2025 *RMB'000* (unaudited)	31 December 2024 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**50,922**	–
Provision	**47,691**	27,299
Other long-term liabilities	**83,193**	17,510
Deferred tax liabilities	**82,547**	17,210
Lease liabilities	**461**	108
Total non-current liabilities	**264,814**	62,127
NET ASSETS	**1,117,274**	1,053,459
EQUITY		
Equity attributable to owners of the parent		
Share capital	**18,172**	18,172
Reserves	**895,726**	865,292
	913,898	883,464
Non-controlling interests	**203,376**	169,995
TOTAL EQUITY	**1,117,274**	1,053,459

CONSOLIDATED STATEMENT OF CASHFLOW

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**62,733**	51,429
Adjustments for:		
Finance costs	**868**	698
Depreciation of items of property, plant and equipment	**12,477**	10,226
Depreciation of right-of-use assets	**2,463**	2,583
Amortisation of intangible assets	**1,633**	1,593
	80,214	66,529
Decrease in inventories	**634**	823
Decrease in prepayments, other receivables and other assets	**3,073**	3,958
(Decrease)/increase in trade payables	**(1,398)**	2,654
Decrease/(increase) in restricted and pledged bank deposits	**292**	(9)
Decrease in other payables and accruals	**(16,285)**	(6,840)
Cash generated from operations	**66,530**	67,115
Tax paid	**–**	(25,483)
Net cash flows from operating activities	**66,530**	41,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(7,225)**	(16,194)
Additions to intangible assets	**(119)**	(157)
Acquisition cost for a subsidiary	**(6,708)**	–
Additions to right-of-use assets	**–**	(1,818)
Net cash flows used in investing activities	**(14,052)**	(18,169)

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of listing expenses	**–**	(936)
Repayment of advances from related parties	**(43,822)**	–
Increase in other payable and accruals	**112**	–
Repayment of other long-term liabilities	**–**	(110)
Increase in bank loan	**41,000**	–
Interest paid	**(596)**	(286)
Dividends paid to non-controlling interests	**–**	(10,000)
Contribution from non-controlling shareholders	**–**	10,000
Principal portion of lease payments	**(149)**	–
Net cash flows used in financing activities	**(3,455)**	(1,332)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**49,023**	22,131
Cash and cash equivalents at beginning of period	**639,599**	586,840
Effects of exchange rate changes on cash and cash equivalents	**742**	95
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**689,364**	609,066
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**689,364**	609,066
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS	**689,364**	609,066

PERSISTENCE RESOURCES GROUP LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended 31 March 2025

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, Ugland 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 sales 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	Place of incorporation/ registration and business	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Majestic Yantai Gold Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
PRG Res Holding 1 Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
PRG Res Holding 2 Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. ("**Yantai Zhongjia**") **	PRC/Mainland China	RMB228,705,500	–	75%	Mining, processing and sales of gold
PRG Res HK 1 Limited**	Hong Kong	HKD1	–	100%	Investment holding
PRG Res HK 2 Limited**	Hong Kong	HKD1	–	100%	Investment holding
集海資源企業管理(深圳)有限公司 Jihai Resources Enterprise Management (Shenzhen) Co., Ltd. **	PRC/Mainland China	RMB5,000,000	–	100%	Investment holding
煙台市牟金礦業有限公司 Yantai City Mujin Mining Company Limited ("**Yantai Mujin**") **	PRC/Mainland China	RMB79,500,000	–	52%	Mining, processing and sales of gold

* This company is a wholly-owned and directly owned subsidiary of the Company.

** This company is a subsidiary indirectly owned by the Company.

The English names of the subsidiaries registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months ended 31 March 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Management applies judgement in determining whether a set of activities and assets the Company acquires and obtains control of constitutes a business. This includes making judgements about whether the set of activities and assets consist of inputs and processes, including a substantive process, that when applied to those inputs, have the ability to create or significantly contribute to the creation of outputs that generate investment income or other income from ordinary activities.

The Company determined that on February 28, 2025, being the acquisition date of Yantai Mujin constitutes a business and that the acquisition of Yantai Mujin represented a business combination.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised standards 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 31 December 2024 and 31 March 2025 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS FOR THE REPORTING PERIOD

GOLD PRODUCTION

For the three months ended 31 March 2025 (the "**Reporting Period**"), the Group's total gold production volume (after smelting) was approximately 229.68 kg (or approximately 7,384.34 ounces), representing an increase of approximately 4.2% as compared to that of the three months ended 31 March 2024 (the "**Comparable Period**"). The increase in gold production was primarily attributable to the inclusion of production from Yantai Mujin, which was acquired and consolidated into the Group's financial statements at the end of February 2025. This additional output was partially offset by the production decline at Yantai Zhongjia, which was temporarily impacted by the "Audit-Style Support and Supervision Programme" for safety inspection (安全審計式幫扶工作方案) launched in mid-February 2025, jointly led by Shandong Provincial Emergency Management Department and Shandong Bureau of the State Mine Safety Supervision Administration.

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB138,544,000 (Comparable Period: RMB109,224,000), representing an increase of approximately 26.8% over the Comparable Period. The increase was mainly due to a higher average selling price of approximately 32.7%, partially offset by the decrease in sales volume by 4.4%.

NET PROFIT

For the Reporting Period, the Group's net profit was approximately RMB42,071,000 (Comparable Period: RMB36,299,000), representing an increase of approximately 15.9% over the Comparable Period. The increase in net profit was primarily due to the increase in gross profit as a result of increase in revenue partially offset by the increase in cost of sales, a decrease in interest income on the Group's cash and cash equivalent balances and an increase in research and development expenses and legal 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 RMB1.48 cents (Comparable Period: RMB1.31 cents), representing an increase of approximately 13.0% over the Comparable Period.

II. FINANCIAL ANALYSIS

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB138,544,000 (Comparable Period: RMB109,224,000), representing an increase of approximately 26.8% as compared to the Comparable Period. The increase was mainly due to a higher average selling price of approximately 32.7% offset by a decrease in sales volume by 4.4%.

COST OF SALES

For the Reporting Period, the Group's cost of sales was approximately RMB65,758,000 (Comparable Period: RMB51,677,000), representing an increase of approximately 27.2% as compared to the Comparable Period. The increase was attributed to several factors including an increase in tailing processing fees, underground mine safety production expense, depreciation expenses, and resources tax.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group's gross profit was approximately RMB72,786,000 (Comparable Period: RMB57,547,000), representing an increase in gross profit of approximately 26.5%.

During the Reporting Period, the Group's gross profit margin was approximately 52.5% (Comparable Period: 52.7%), representing a slight decrease in gross profit margin of approximately 0.2% as compared to the Comparable Period.

OTHER INCOME AND GAINS

During the Reporting Period, the Group's other income and gains were approximately RMB3,543,000 (Comparable Period: RMB5,018,000), representing a decrease of approximately 29.4% over the Comparable Period. The decrease in other income and gains was mainly due to a decrease in interest income on the Group's cash and cash equivalent balances as the deposit interest rate was dropped and the proceeds from global offering have mostly been utilized.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB12,346,000 during the Reporting Period (Comparable Period: RMB9,843,000), representing an increase of approximately 25.4% as compared to the Comparable Period. The increase was due to increase in research and development expenses, entertainment expenses and legal expenses.

OTHER EXPENSES

For the Reporting Period, the Group's other expenses were approximately RMB342,000 (Comparable Period: RMB595,000), representing a decrease of approximately 42.5% as compared to the Comparable Period. The decrease was mainly attributable to a decrease in foreign exchange loss for the Reporting Period.

FINANCE COSTS

For the Reporting Period, the Group's finance costs were approximately RMB868,000 (Comparable Period: RMB698,000), representing an increase of approximately 24.4% as compared to the Comparable Period. The increase was mainly due to the increase in the interest expenses on the Yantai Mujin's bank loans for the Reporting Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Reporting Period, the Group's profit attributable to the owners of the parent was approximately RMB29,693,000, representing an increase of approximately 13.5% from approximately RMB26,167,000 in Comparable Period. The increase was mainly due to the increase in the net 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 and bank borrowings, 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 net working capital of the Group are RMB361,466,000 as at 31 March 2025. The liquidity of the Group and its working capital and finance requirements is closely monitored by the Board on a regular basis.

CASH FLOWS AND WORKING CAPITAL

The Group's cash and cash equivalents have increased from approximately RMB639,599,000 as at 31 December 2024 to approximately RMB689,364,000 as at 31 March 2025. The increase was primarily attributable to cash generated from the Group's operating activities. The Group's working capital as at 31 March 2025 was RMB361,466,000, compared to RMB548,015,000 as at 31 December 2024.

As at 31 March 2025, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB57,375,000 (Comparable Period: RMB183,507,000), those denominated in Canadian dollars amounted to approximately RMB612,000 (Comparable Period: RMB628,000), those denominated in United States dollars amounted to approximately RMB55,294,000 (Comparable Period: RMB118,768,000). All other cash and cash equivalents held by the Group are denominated in RMB.

BORROWINGS

As at 31 March 2025, the Group had outstanding bank borrowings of RMB69,160,000 compared to nil balance as at 31 December 2024. The Group's borrowings are all denominated in RMB with fixed interest 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.

BUSINESS COMBINATION

On 28 February 2025 ("**Closing Date**"), the Company completed the acquisition of 52% equity interest in Yantai Mujin, through its 100% owned subsidiary, Majestic Yantai Gold Ltd and 100% indirect owned subsidiary, PRG Res HK 2 Limited ("**Mujin Acquisition**"). The core properties or assets of Yantai Mujin include Denggezhuang Underground Gold Mine ("**DGZ Mine**"), the Houzhuang-Heiniutai Underground Gold Mine ("**HH Mine**") and the Chahe Underground Gold Mine ("**CH Mine**"), with the DGZ Mine being an operating underground gold mine located approximately 28 km from the Company's Songjiagou Gold Mine. The HH mine and CH mine are not in production.

As part of the Mujin Acquisition, the Company acquired 52% equity interest of Yantai Mujin, for a total consideration of RMB81,900,000 which comprised of RMB29,400,000 for the share purchase and RMB52,500,000 for the capital increase. Upon completion of the Mujin Acquisition, Yantai Mujin became an indirect, non-wholly-owned subsidiary of the Company.

The Company has determined that this transaction represents a business combination under IFRS 3 with Company identified as the acquirer. In accordance with the acquisition method, the total purchase price was allocated to the identifiable assets acquired and liabilities assumed, based on their acquisition-date fair values.

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed of Yantai Mujin as at the date of acquisition:

	Fair value recognized on acquisition
	RMB'000
	(unaudited)
Assets	
Cash and cash equivalents	75,192
Prepayments, other receivables and other assets	22,672
Inventories	9,651
Restricted and pledged deposits	12,054
Property, plant and equipment	148,091
Right-of-use assets	39,206
Intangible assets	213,100
Other long-term assets	3,897
	523,863
Liabilities	
Trade payables	(11,102)
Other payables and accruals	(39,825)
Due to related companies	(190,055)
Interest-bearing bank and other borrowings	(79,083)
Tax payable	(1,042)
Lease liabilities	(490)
Provision	(20,257)
Deferred tax liabilities	(61,875)
Other long-term liabilities	(76,381)
	(480,110)
Fair value of net assets acquired	43,753
Non-controlling interest measured at fair value	(21,001)
Goodwill arising on acquisition	59,148
Purchase consideration transferred	81,900

The Company has appointed an independent valuation specialist to prepare Pro-forma Purchase Price Allocation ("**PPA**") of Yantai Mujin for determination of the fair values of certain assets acquired and liabilities assumed. The fair values of mineral properties and reclamation provisions were estimated using discounted cash flow models. The fair value of inventories was determined based on the future estimated cash flows from sales of payable metal produced and are adjusted for costs to complete and expected profit margin. The right-of-use assets and lease liabilities were recorded based on the present value of future lease payments over the expected term of the lease at the implicit interest rate. The fair values of plant and equipment were estimated using market or cost approaches.

Expected future cash flows, used to estimate the fair value of mineral properties, are based on estimates of future gold prices, projected future production, estimated quantities of ore reserves, metallurgical recovery estimates, expected future production costs, expected capital expenditures, and discount rates based on the life of mine plan at the transaction date. In the case of lease liabilities, estimates of expected future lease payments are based on estimated machine hours and minimum usage guarantees. The fair value of receivables, less any expected credit losses, and payables are equal to their gross contractual amounts at the transaction date. Expected future cash flows associated with the reclamation and closure cost provisions were based on estimates of the future expenditures required to settle the obligation for disturbances at the acquisition date and using a discount rate equal to the Company's estimated cost of debt. The goodwill of RMB59,148,000 comprises the fair value of expected values arising from acquisition of the Yantai Mujin.

The initial accounting for this acquisition in the First Quarterly Report has been determined provisionally as the Group is awaiting for the final PPA Report in relation to other assets and intangible assets acquired in the transaction. The valuation has not been completed by the date of the First Quarterly Report was approved. Accordingly, the amounts of identifiable net assets and goodwill as stated above may be subsequently adjusted.

The Company has consolidated the operating results, cash flows and net assets of Yantai Mujin from 1 March 2025 to 31 March 2025 into the Group's financial statements of this 2025 First Quarterly Report. Yantai Mujin contributed revenue of approximately RMB7,341,000 and incurred loss before tax of approximately RMB392,000. If the acquisition of Yantai Mujin had taken place on 1 January 2025, pro-forma consolidated revenue and profit before tax for the Company would have been approximately RMB149,826,000 and RMB59,119,000 respectively for the three months ended 31 March 2025.

An analysis of the cash flows in respect of the acquisition of Yantai Mujin at the closing is as follows:

	RMB'000 (unaudited)
Cash consideration	(81,900)
Cash and bank balances acquired	75,192
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,708)
Transaction costs of the acquisition included in cash flows from operating activities	(5,810)
Total net cash outflow	(12,518)

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 smelted 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 31 March 2025. 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 31 March 2025, except RMB32,974,000 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 31 March 2025, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were RMB141,301,000 (31 March 2024: Nil).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group had no material contingent liabilities.

The Board wishes to remind investors that the above financial and business data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

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

By order of the Board
Persistence Resources Group Ltd
Shao Xuxin
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 May 2025

As at the date of this announcement, the Board comprises Dr. Shao Xuxin, Mr. Mackie James Thomas and Mr. Lo Cheuk Kwong Raymond 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.