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PERSISTENCE GOLD GROUP LTD

集海黃金集團有限公司

(formerly known as 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)

2026 FIRST QUARTERLY REPORT

The board (the “**Board**”) of directors (the “**Directors**”) of Persistence Gold 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 2026 (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 Reporting Period.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
REVENUE	160,722	138,544
Cost of sales	<u>(55,237)</u>	<u>(65,758)</u>
Gross profit	105,485	72,786
Other income and gains	9,253	3,543
Administrative expenses	(16,187)	(12,346)
Other expenses	(17,106)	(342)
Finance costs	<u>(2,619)</u>	<u>(868)</u>
PROFIT BEFORE TAX	78,826	62,773
Income tax expense	<u>(29,531)</u>	<u>(20,702)</u>
PROFIT FOR THE PERIOD	<u>49,295</u>	<u>42,071</u>
Attributable to:		
Owners of the parent	39,345	29,693
Non-controlling interests	<u>9,950</u>	<u>12,378</u>
	<u>49,295</u>	<u>42,071</u>

Three months ended	
31 March	
2026	2025
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	26,524	(11,300)
	<u>26,524</u>	<u>(11,300)</u>

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	(39,602)	11,999
	<u>(39,602)</u>	<u>11,999</u>

OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX

(13,078)	699
<u>(13,078)</u>	<u>699</u>

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

36,217	42,770
<u>36,217</u>	<u>42,770</u>

Attributable to:

Owners of the parent	26,267	30,392
Non-controlling interests	9,950	12,378
	<u>36,217</u>	<u>42,770</u>

EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted	<u>RMB1.64 cents</u>	<u>RMB1.48 cents</u>
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	559,868	565,721
Right-of-use assets	130,685	133,439
Intangible assets	374,590	375,740
Deferred tax assets	8,638	8,638
Other long-term assets	5,864	5,584
Goodwill	36,508	36,508
Total non-current assets	1,116,153	1,125,630
CURRENT ASSETS		
Inventories	29,116	30,583
Prepayments, other receivables and other assets	15,547	9,209
Restricted and pledged deposits	34,920	34,906
Cash and cash equivalents	1,108,448	1,092,630
Total current assets	1,188,031	1,167,328
CURRENT LIABILITIES		
Trade payables	11,795	17,933
Other payables and accruals	60,830	84,285
Interest-bearing bank and other borrowings	174,361	168,472
Lease liabilities	55	163
Tax payable	102,520	105,032
Provision	1,223	1,223
Current portion of other long-term liabilities	18,284	20,064
Total current liabilities	369,068	397,172
NET CURRENT ASSETS	818,963	770,156
TOTAL ASSETS LESS CURRENT LIABILITIES	1,935,116	1,895,786

	31 March 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	72,380	75,770
Provision	52,286	52,049
Other long-term liabilities	66,367	64,012
Deferred tax liabilities	107,566	102,936
Lease liabilities	396	391
Total non-current liabilities	298,995	295,158
NET ASSETS	1,636,121	1,600,628
EQUITY		
Equity attributable to owners of the parent		
Share capital	21,839	21,839
Reserves	1,366,849	1,336,806
	1,388,688	1,360,645
Non-controlling interests	247,433	239,983
TOTAL EQUITY	1,636,121	1,600,628

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended	
	31 March	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	78,826	62,733
Adjustments for:		
Depreciation of items of property, plant and equipment	13,421	12,477
Depreciation of right-of-use assets	2,754	2,463
Amortisation of intangible assets	1,150	1,633
Equity-settled share option expense	2,231	–
Finance costs	2,619	868
Loss/(gain) on disposal of items of property, plant and equipment	(33)	–
	100,968	80,214
Decrease in inventories	1,467	634
(Increase)/decrease in prepayments, other receivables and other assets	(6,338)	3,073
(Decrease)/increase in trade payables	(6,138)	(1,398)
Decrease/(increase) in restricted and pledged bank deposit	(14)	292
Decrease in other payables and accruals	(23,774)	(16,285)
Cash generated from operations	66,171	66,530
Tax paid	(27,413)	–
Net cash flows from operating activities	38,758	66,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(7,872)	(7,225)
Proceeds from disposal of property, plant and equipment	57	–
Additions to intangible assets	(200)	(119)
Acquisition cost for a subsidiary	–	(6,708)
Net cash flows used in investing activities	(8,015)	(14,052)

	Three months ended	
	31 March	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of advances from related parties	–	(43,822)
Increase in other payable and accruals	–	112
Repayment of other long-term liabilities	(76)	–
Increase in bank loan	2,500	41,000
Interest paid	(1,491)	(596)
Dividends paid to non-controlling interests	(2,500)	–
Principal portion of lease payments	(122)	(149)
Net cash flows used in financing activities	(1,689)	(3,455)
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,054	49,023
Cash and cash equivalents at beginning of period	1,092,630	639,599
Effects of exchange rate changes on cash and cash equivalents	(13,236)	742
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,108,448	689,364
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	1,108,448	689,364
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS	1,108,448	689,364

PERSISTENCE GOLD GROUP LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended 31 March 2026

1. CORPORATE AND GROUP INFORMATION

Persistence Gold 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. During the Reporting Period, the subsidiaries now comprising 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 immediate and ultimate 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 share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Majestic Yantai Gold Ltd.	British Virgin Islands/ Hong Kong	USD50,000	100%	–	Investment holding
PRG Res Holding 1 Ltd.	British Virgin Islands/ Hong Kong	USD50,000	100%	–	Investment holding
PRG Res Holding 2 Ltd.	British Virgin Islands/ Hong Kong	USD50,000	100%	–	Investment holding
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. (“Yantai Zhongjia”)	PRC/ Chinese Mainland	RMB228,705,500	–	75%	Mining, processing and sales of gold
PRG Res HK 1 Limited	Hong Kong/ Hong Kong	HKD1	–	100%	Investment holding
PRG Res HK 2 Limited	Hong Kong/ 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/ Chinese Mainland	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/ Chinese Mainland	RMB145,694,000	–	52%	Mining, processing and sales of gold

The English names of the subsidiaries registered in the Chinese Mainland 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 2026. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, 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	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ 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.

2.4 MATERIAL ACCOUNTING POLICIES

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 Group 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.

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.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS FOR THE REPORTING PERIOD

GOLD PRODUCTION

For the three months ended 31 March 2026 (the “**Reporting Period**”), the Group’s total gold production volume (after smelting) was approximately 149.27 kg (or approximately 4,799.03 ounces), representing a decrease of approximately 35.0% as compared to that of the three months ended 31 March 2025 (the “**Comparable Period**”). The decrease in gold production was primarily due to an accident occurred on February 7, 2026, at a mine in Zhaoyuan City (the “**Zhaoyuan accident**”) that was not owned by the Group, leading to the shutdown of both Yantai Zhongjia and Yantai Mujin. The Songjiagou Open-Pit Mine and the Songjiagou Underground Mine of Yantai Zhongjia as well as the Denggezhuang Underground Mine of Yantai Mujin have resumed operation and production after passing the safety production inspection by the end of March. Despite the temporary production interruption resulting from the Zhaoyuan accident related to the suspension measures, the impact on revenue and profitability was mitigated by significantly higher realized gold prices.

REVENUE

For the Reporting Period, the Group’s revenue was approximately RMB160,722,000 (Comparable Period: RMB138,544,000), representing an increase of approximately 16.0% over the Comparable Period. The increase was mainly due to a higher average selling price of approximately 63.8%, partially offset by the decrease in sales volume by 29.2%.

NET PROFIT

For the Reporting Period, the Group’s net profit was approximately RMB49,295,000 (Comparable Period: RMB42,071,000), representing an increase of approximately 17.2% over the Comparable Period. The increase in net profit was primarily due to (i) the increase in gross profit as a result of increase in revenue and decrease in cost of sales; and (ii) increase in sales of sulfuric acid, partially offset by (i) a decrease in interest income on the Group’s cash and cash equivalent balances; (ii) the share-based payment associated with the share option granted to Directors and Senior Management on 11 July 2025; and (iii) the increase in the suspension cost incurred by Yantai Zhongjia and Yantai Mujin in connection with the Zhaoyuan accident.

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 RMB1.64 cents (Comparable Period: RMB1.48 cents), representing an increase of approximately 10.8% over the Comparable Period.

II. FINANCIAL ANALYSIS

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB160,722,000 (Comparable Period: RMB138,544,000), representing an increase of approximately 16.0% as compared to the Comparable Period. The increase was mainly due to a higher average selling price of approximately 63.8%, partially offset by a decrease in sales volume by 29.2%.

COST OF SALES

For the Reporting Period, the Group's cost of sales was approximately RMB55,237,000 (Comparable Period: RMB65,758,000), representing a decrease of approximately 16.0% as compared to the Comparable Period. The decrease was attributed mainly to the reallocation of costs incurred during the period of suspended operations from cost of sales to other expenses and partially offset by the increase in the three months cost of sales of Yantai Mujin as only one month cost of sales were consolidated in the Comparable Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group's gross profit was approximately RMB105,485,000 (Comparable Period: RMB72,786,000), representing an increase in gross profit of approximately 44.9%.

During the Reporting Period, the Group's gross profit margin was approximately 65.6% (Comparable Period: 52.5%), representing an increase in gross profit margin of approximately 13.1% as compared to the Comparable Period. The increase was mainly due to a higher average selling price together with the decrease in the cost of sales.

OTHER INCOME AND GAINS

During the Reporting Period, the Group's other income and gains were approximately RMB9,253,000 (Comparable Period: RMB3,543,000), representing an increase of approximately RMB5,710,000 over the Comparable Period. The increase in other income and gains was mainly due to an increase in interest income on the Group's cash and cash equivalent balances arising out of the net proceeds from placing, an increase from the sales of sulfuric acid in gold concentrate generated during the smelting process and the increase in the exchange gain on the RMB loan on the books of our group companies (with HK dollar as functional currency) with an appreciation of RMB against HKD.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB16,187,000 during the Reporting Period (Comparable Period: RMB12,346,000), representing an increase of approximately 31.1% as compared to the Comparable Period. The increase was mainly due to an increase in the share-based payment associated with the share option granted to Directors and Senior Management on 11 July 2025 as well as the increase in the three months administrative expenses of Yantai Mujin as only one month administrative expenses were consolidated in the Comparable Period.

OTHER EXPENSES

For the Reporting Period, the Group's other expenses were approximately RMB17,106,000 (Comparable Period: RMB342,000), representing an increase of approximately RMB16,764,000 as compared to the Comparable Period. The increase was mainly attributable to the suspension cost incurred by Yantai Zhongjia and Yantai Mujin in connection with the Zhaoyuan accident.

FINANCE COSTS

For the Reporting Period, the Group's finance costs were approximately RMB2,619,000 (Comparable Period: RMB868,000), representing an increase of approximately RMB1,751,000 as compared to the Comparable Period. The increase was mainly due to an increase in the interest expenses on the Yantai Mujin's bank loans and the increase in accretion expense arising from mining rights 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 RMB39,345,000, representing an increase of approximately 32.5% from approximately RMB29,693,000 in Comparable Period. The increase was mainly due to the increase in the net profit after tax for the Reporting Period.

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 (current assets less current liabilities) of the Group are RMB818,963,000 as at 31 March 2026. 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 remained strong at approximately RMB1,092,630,000 as at 31 December 2025 to approximately RMB1,108,448,000 as at 31 March 2026. The increase was primarily attributable to the net cash generated from the Group's operating activities.

As at 31 March 2026, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB391,115,000 (31 December 2025: RMB425,641,000), those denominated in Canadian dollars amounted to approximately RMB611,000 (31 December 2025: RMB628,000), those denominated in United States dollars amounted to approximately RMB82,211,000 (31 December 2025: RMB76,301,000). All other cash and cash equivalents held by the Group are denominated in RMB.

BORROWINGS

The Group's borrowings are all denominated in RMB. As at 31 March 2026, the Group had outstanding bank borrowings of RMB246,741,000 (31 December 2025: RMB244,242,000). Except for certain bank borrowings amounting to RMB67,800,000 (31 December 2025: RMB67,800,000) that bear interest at floating rates, all bank and other borrowings bear interest 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.

The gearing ratios as at the end of the reporting periods were as follows:

	31 March 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Total debt		
Interest-bearing bank and other borrowings	246,741	244,242
Total equity	1,636,121	1,600,628
Gross gearing ratio	15.1%	15.3%

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 year, and except for certain bank borrowings amounting to RMB67,800,000 (31 December 2025: RMB67,800,000) that bear interest at floating rates, all our bank and other borrowings bear interest at fixed rates.

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. 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 2026 (31 December 2025: Nil). 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 2026, the Group has the following pledged assets:

- (1) The restricted and pledged bank deposits amounting to RMB34,920,000 (31 December 2025: RMB34,756,000) were placed as environmental rehabilitation deposits which are restricted as to use, and no amount (31 December 2025: RMB150,000) was placed as deposits for temporary business disputes.
- (2) Certain of the Group's properties with an aggregate carrying amount of approximately RMB12,128,000 (31 December 2025: RMB12,403,000) were pledged to secure interest-bearing bank borrowings granted to the Group.
- (3) Certain of the Group's leasehold land with an aggregate carrying amount of approximately RMB33,290,000 (31 December 2025: RMB33,560,000) were pledged to secure interest-bearing bank borrowings granted to the Group.
- (4) Certain of the Group's mining rights with an aggregate carrying amount of approximately RMB270,943,000 (31 December 2025: RMB271,643,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

CONTRACTUAL OBLIGATIONS

As at 31 March 2026, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were RMB117,096,000 (31 December 2025: RMB127,187,000).

CONTINGENT LIABILITIES

As at 31 March 2026, 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 Gold Group Ltd
Shao Xuxin

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 1 June 2026

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