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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023, the Group's revenue was approximately RMB383,463,000 (2022: RMB418,413,000), representing a decrease of approximately 8.4% as compared to the previous year.

For the year ended 31 December 2023, the Group's net profit was approximately RMB94,939,000 (2022: RMB120,990,000), representing a decrease of approximately 21.5% as compared to the previous year.

For the year ended 31 December 2023, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.04, (2022: RMB0.06 (restated)), representing a decrease of approximately 33.3% as compared to the previous year.

For the year ended 31 December 2023, the profit attributable to owners of the parent was approximately RMB65,025,000 (2022: RMB83,214,000), representing a decrease of approximately 21.9% as compared to the previous year.

The Board does not recommend the payment of a final dividend to the shareholders for the year ended 31 December 2023.

The board (the "**Board**") of directors (the "**Directors**") of Persistence Resources Group Ltd (the "**Company**") is pleased to announce the consolidated audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**" or "**Reporting Period**").

Reference is made to the prospectus of the Company dated 14 December 2023 in relation to the Global Offering (the "**Prospectus**"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
REVENUE	4	**383,463**	418,413
Cost of sales		**(200,210)**	(199,823)
Gross profit		**183,253**	218,590
Other income and gains	4	**9,851**	13,403
Administrative expenses		**(43,239)**	(33,711)
Impairment losses on financial assets		**(421)**	–
Other expenses		**(17)**	(10,419)
Finance costs		**(3,170)**	(2,955)
PROFIT BEFORE TAX	5	**146,257**	184,908
Income tax expense	6	**(51,318)**	(63,918)
PROFIT FOR THE YEAR		**94,939**	120,990
Attributable to:			
Owners of the parent		**65,025**	83,214
Non-controlling interests		**29,914**	37,776
		94,939	120,990
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
			(Restated)
Basic and diluted	8	**RMB 0.04**	RMB 0.06

	2023	2022
	RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of subsidiaries	**(4,590)**	(19,407)
	(4,590)	(19,407)
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	**4,076**	29,543
	4,076	29,543
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(514)**	10,136
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**94,425**	131,126
Attributable to:		
Owners of the parent	**64,511**	93,350
Non-controlling interests	**29,914**	37,776
	94,425	131,126

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**342,520**	296,929
Right-of-use assets		**110,885**	119,720
Intangible assets		**117,843**	125,090
Deferred tax assets		**6,727**	5,906
Other long-term assets		**3,732**	6,526
Total non-current assets		**581,707**	554,171
CURRENT ASSETS			
Inventories	9	**21,821**	18,652
Prepayments, other receivables and other assets	10	**7,901**	5,845
Due from related parties		**–**	7,200
Restricted and pledged deposits		**19,232**	17,594
Cash and cash equivalents		**586,840**	282,187
Current portion of other long-term assets		**400**	400
Total current assets		**636,194**	331,878
CURRENT LIABILITIES			
Trade payables	11	**10,273**	12,426
Other payables and accruals		**29,055**	20,897
Due to related parties		**–**	447
Deferred income		**170**	340
Interest-bearing bank and other borrowings		**30,000**	30,000
Lease liabilities		**–**	–
Tax payable		**99,914**	73,647
Provision		**1,305**	1,305
Current portion of other long-term liabilities		**7,369**	7,369
Total current liabilities		**178,086**	146,431
NET CURRENT ASSETS		**458,108**	185,447
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,039,815**	739,618

	2023	2022
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Provision	**25,091**	23,913
Other long-term liabilities	**23,878**	30,066
Deferred tax liabilities	**14,911**	9,535
Total non-current liabilities	**63,880**	63,514
NET ASSETS	**975,935**	676,104
EQUITY		
Equity attributable to owners of the parent		
Share capital	**18,172**	1
Reserves	**809,616**	553,870
	827,788	553,871
Non-controlling interests	**148,147**	122,233
TOTAL EQUITY	**975,935**	676,104

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

Persistence Resources Group Ltd (the "**Company**") 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 year, the subsidiaries now comprising 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
Directly held:					
Majestic Yantai Gold Ltd.*	(1)	British Virgin Islands/ 1 July 2004	USD50,000	100%	Investment holding
Indirectly held:					
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. ("**Yantai Zhongjia**") **	(2)	PRC/ Chinese Mainland/ 17 March 2005	RMB188,705,500	75%	Mining, processing and sale of gold

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

** 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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**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 year ended 31 December 2023. 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 adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

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

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 by the IASB. However, the amendments are available for adoption now.

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

3. 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:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**383,463**	418,413

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of gold bullion.

An analysis of revenue, other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of gold bullion	**383,463**	418,413

Represented by:

	2023	2022
	RMB'000	*RMB'000*
Revenue from sale of gold bullion		
Recognised at a point in time	**383,463**	418,413

Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Sales of sulfuric acid	**4,783**	10,503
Government grants*	**170**	237
Interest income	**4,493**	2,243
Gains on disposal of property, plant and equipment	**–**	12
Gains on foreign exchange	**286**	–
Others	**119**	408
Total	**9,851**	13,403

* Various government grants have been received from the PRC local government authorities to support the daily operation of a subsidiary. There are no unfulfilled conditions related to these government grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2023 *RMB'000*	2022 *RMB'000*
Cost of inventories sold	**200,210**	199,823
Depreciation of property, plant and equipment	**31,167**	29,582
Depreciation of right-of-use assets	**9,075**	8,947
Amortisation of intangible assets*	**7,247**	8,508
Listing expenses	**12,789**	8,149
Research and development costs	**8,407**	9,156
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other benefits	**41,157**	31,672
Pension scheme contributions	**8,967**	5,598
Total	**50,125**	37,270
Loss/(gain) on disposal of items of property, plant and equipment	**5**	(12)
Auditor's remuneration	**1,196**	3
Impairment of other receivables	**421**	–

* The amortisation of intangible assets for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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 year ended 31 December 2023 and 31 December 2022.

	2023 *RMB'000*	2022 *RMB'000*
Current tax:		
PRC corporate income tax	**46,763**	60,156
Deferred tax	**4,555**	3,762
Total tax charge for the year	**51,318**	63,918

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:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**146,257**	184,908
At the statutory income tax rate of 25%	**36,564**	46,227
Effect of tax rate differences in other jurisdictions	**4,160**	4,963
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**8,077**	10,260
Expenses not deductible for tax	**2,517**	2,468
Total	**51,318**	63,918

7. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Dividends	**23,428**	38,886

* All the dividends declared in 2022 had been paid in October 2022.

** All the dividends declared in 2023 had been paid in November 2023.

8. 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 1,512,328,767 (2022: 1,500,000,000) in issue during the year used in the calculation is the number of ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year of 2023 (2022: Nil). The calculation of basic earnings per share is based on:

	2023	2022 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: *(RMB'000)*	**65,025**	83,214
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation:	**1,512,328,767**	1,500,000,000
Earnings per share *(RMB)*	**0.04**	0.06

9. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Gold concentrate	**3,316**	836
Ore stockpile	**10,484**	9,868
Raw materials	**8,021**	7,948
Total	**21,821**	18,652

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Prepayments	**1,658**	5,362
Deposits and other receivables	**6,664**	483
Impairment allowance	**(421)**	–
Total	**7,901**	5,845

Other receivables are unsecured and non-interest-bearing.

11. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**10,273**	12,426

An ageing analysis of the trade payables as at the end of year 2023 and 2022, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**10,273**	12,426
Total	**10,273**	12,426

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS FOR THE YEAR

GOLD PRODUCTION

For the Year, the Group's total gold production volume was approximately 882.3 kg (or approximately 28,366.4 ounces), representing a decrease of approximately 18.7% as compared to the previous year. The decrease in total gold output was mainly due to temporary pause of mining activities during May to mid-July 2023 to facilitate the safety inspection on our newly constructed benches.

REVENUE

For the Year, the Group's revenue was approximately RMB383,463,000 (2022: RMB418,413,000), representing a decrease of approximately 8.4% as compared to the previous year. The decrease was mainly due to the decrease in sales volume by 19.6% mainly due to temporary pause of mining activities during May to mid-July 2023 while there was an increase in average selling price of 14% as compared to the previous year.

NET PROFIT

For the Year, the Group's net profit was approximately RMB94,939,000 (2022: RMB120,990,000), representing a decrease of approximately 21.5% as compared to the previous year. The decrease in net profit was primarily due to the decrease in gold sales caused by the temporary pause of mining activities during May to mid-July 2023.

EARNINGS PER SHARE

For the Year, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.04, (2022 restated basic and diluted earnings per share: RMB0.06), representing a decrease of approximately 33.3% as compared to the previous year.

DIVIDEND

In November 2023, our Company declared and paid dividends of approximately RMB23,428,000 to our shareholders, which were fully settled. No other dividends have been declared and paid by the companies to their shareholders. After the listing of the Company in December 2023, the Board does not recommend any further payment of annual dividend for the Year.

II. MARKET OVERVIEW

During the Year, 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 as compared with 2022 is mainly attributed to the increase in gold reserve demand by central banks. The Russia-Ukraine tensions, the climb of global crude oil price leading to expensive energy consumption, and worries on potential global economy recession, result in raising gold reserve for hedging risks by the central banks. The risk aversion sentiment caused by international events such as ongoing conflict between Russia and Ukraine have prompted investors to switch to the gold market, triggering a sharp rise in the gold prices.

In the first half of 2023, the global gold spot price continued to rise, reaching US$1,975.9 per ounce in the second quarter and the average global gold spot price was US$1,931.5 per ounce in the first half of 2023. In the second half of 2023, the global gold spot price has reached to US$2,062.4 per ounce in the fourth quarter, and the average global gold spot price has further increased to US$1,967.2 per ounce in the second half of 2023. The rise in gold spot price was primarily driven by increasing market risk aversion, particularly against the backdrop of weak US economic data and unresolved banking crises in Europe and America. As a traditional safe-haven asset, the gold spot price has further increased in China, with the gradual receding of the impact of the epidemic and a series of policies promote consumption to take effect, as well as the increase in demand for safe-haven assets, China's gold spot price continued to rise in the first half of 2023, reaching RMB447.0 per gram in the second quarter and the average gold spot price in the PRC was RMB433.8 per gram in the first half of 2023. In the second half of 2023, the China gold spot price has reached RMB480.38 per gram in the fourth quarter and the average gold spot price in the PRC has further increased to RMB463.62 per gram in the second half of 2023.

III. BUSINESS REVIEW

In the Year, the gold production volume of the Group was approximately 882.3 kg (equivalent to approximately 28,366.4 ounces), representing a decrease of approximately 190.2 kg (equivalent to approximately 6,114.7 ounces) or 17.7% as compared with the previous year. The decrease in gold production volume was primarily due to temporary pause of production during May to mid-July 2023 to facilitate the safety inspection on our newly constructed benches. Due to the drop in the gold production leading to the decrease in the sales of gold bullion, the Group's revenue decreased by approximately 8.4% to approximately RMB383,463,000 (2022: RMB418,413,000) as compared with previous year. The net profit of the Group was approximately RMB94,939,000 (2022: RMB120,990,000). The basic and diluted earnings per share amounted to approximately RMB0.04 (2022: RMB0.06 (restated)).

IV. RESOURCES AND RESERVES

Mineral Resources and Reserves Statement for SJG Open-Pit and Underground Mine as of 31 December 2023[1,2]

		Resources		Reserves	
		Indicated	**Inferred**	**Proved**	**Probable**
Open pit	Cut-off grade (g/t)	0.3	0.3	–	0.3
	Ore (kt)	33,200	36,300	–	21,700
	Gold Grade (g/t)	1.10	0.94	–	1.17
	Gold Content (kg)	36,400	34,200	–	25,300
	Gold Content (koz)	1,170	1,100	–	813
Underground	Cut-off grade (g/t)	0.7	0.7	–	0.7
	Ore (kt)	1,620	3,000	–	499
	Gold Grade (g/t)	1.38	1.24	–	1.42
	Gold Content (kg)	2,250	3,720	–	708
	Gold Content (koz)	72	120	–	23

Notes:

1. The resources and reserves figures stated as above are based on the Qualified Person's Memo provided by SRK Consulting China Ltd. (in compliance with the requirements of NI 43-101) dated 29th February, 2024.

2. All figures are rounded to reflect the relative accuracy of the estimate.

ASSUMPTIONS ADOPTED FOR THE ANNUAL UPDATE OF RESOURCES AND/OR RESERVES

Relevant updates were made according to the Group's new exploration work and based on the historical data used by technical consultants. As confirmed by the Company's internal experts, there has been no material change to the level of resources and reserves and the changes were mainly attributable to adjustment for production consumption. Assumptions adopted for the update of resources and reserves are set out as below:

1. Mineral resources estimates

1.1 All figures are rounded to reflect the relative accuracy of the estimate.

1.2 The information with regard to Mineral Resource estimates is based on information compiled by employees of SRK Consulting China Ltd. They have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Qualified Persons as defined in the NI 43-101.

2. Mineral reserve estimates

2.1 All figures are rounded to reflect the relative accuracy of the estimate.

2.2 Both the mining dilution and loss are set to 5%.

2.3 The Mineral Reserves are included in the Mineral Resources.

2.4 The information which relates to Mineral Reserve conversion is based on information compiled by employees of SRK Consulting China Ltd. They have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Qualified Persons as defined in the NI 43-101.

V. FINANCIAL ANALYSIS

REVENUE

For the Year, the Group's revenue was approximately RMB383,463,000 (2022: RMB418,413,000), representing a decrease of approximately 8.4% as compared to the previous year. The decrease was mainly due to the decrease in the gold production volume mainly attributable to temporary pause of mining activities during May to mid-July 2023 despite there was an increase in average selling price of 14% as compared to the previous year.

COST OF SALES

For the Year, the Group's cost of sales was approximately RMB200,210,000 (2022: RMB199,823,000), representing an increase of approximately 0.2% as compared to the previous year.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Year, the Group's gross profit was approximately RMB183,253,000 (2022: RMB218,590,000), representing a decrease in gross profit of approximately 16.2%. The decrease in gross profit was primarily due to the decrease in the gold sales volume caused by the temporary suspension of mining activities of the Group during May to mid-July 2023.

During the Year, the Group's gross profit margin was approximately 47.8% (2022: 52.2%), representing a decrease in gross profit margin of approximately 4.5%% as compared to the previous year. The decrease was mainly attributable to an increase in cost of sales while there was a decrease in gold production and sales volume during the year primarily due to the fact that (i) certain components in the cost of sales were semi-variable costs which did not decrease proportionally to the decrease in gold production and sales volume; and (ii) our ore processed volume remained relatively stable during the period notwithstanding the decrease in gold production and sales volume.

OTHER INCOME AND GAINS

During the Year, the Group's other income and gains were approximately RMB9,851,000 (2022: RMB13,403,000), representing a decrease of approximately 26.5% as compared to the previous year. The decrease in other income and gains was mainly due to the decrease in the sales of sulfuric acid mainly attributable to the drop in the market price of the sulfuric acid.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB43,239,000 during the Year (2022: RMB33,711,000), representing an increase of approximately 28.3% as compared to the previous year. The increase of administrative expenses was mainly due to the increase in listing expenses.

OTHER EXPENSES

For the Year, the Group's other expenses were approximately RMB17,000 (2022: RMB10,419,000), representing a decrease of approximately 99.8% as compared to the previous year. The decrease was mainly attributable to the decrease in loss on foreign exchange.

FINANCE COSTS

For the Year, the Group's finance costs were approximately RMB3,170,000 (2022: RMB2,955,000), representing an increase of approximately 7.3% as compared to the previous year. The increase was mainly due to the increase in the effective interest rate.

INCOME TAX EXPENSES

For the Year, the Group's income tax expenses were approximately RMB51,318,000 (2022:RMB63,918,000), representing a decrease of approximately RMB12,600,000 as compared to the previous year. The decrease was primarily due to the decrease in profit before tax of the Group. During the Year, the corporate income tax within the territory of the PRC has been provided at a rate of 25% (2022: 25%) on the taxable income. The effective tax rate of the Group is approximately 35.1% during the Year (2022: approximately 34.6%).

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB65,025,000, representing a decrease of approximately 21.9% from approximately RMB83,214,000 in 2022. The decrease was mainly due to the decrease in the profit after tax as a result of the decrease in the sales volume mainly due to temporary pause of mining activities during May to mid-July 2023.

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 RMB 586,840,000 as at 31 December 2023.

CASH FLOWS AND WORKING CAPITAL

The Group's cash and cash equivalents have increased from approximately RMB282,187,000 as at 31 December 2022 to approximately RMB586,840,000 as at 31 December 2023. The increase was mainly due to net proceeds received upon our successful IPO.

As at 31 December 2023, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB213,556,000 (2022: RMB2,768,000), those denominated in Canadian dollars amounted to approximately RMB634,000 (2022: RMB596,000), those denominated in United States dollars amounted to approximately RMB64,955,000 (2022: RMB57,340,000). All other cash and cash equivalents held by the Group are denominated in RMB.

BORROWINGS

As at 31 December 2023, the Group had outstanding bank borrowings of approximately RMB30,000,000 (2022: RMB30,000,000 and was repaid on 25 August 2023), all of which were denominated in RMB. As at 31 December 2023, 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 year, 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 December 2023 and 2022. 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 December 2023, except 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 31 December 2023, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were nil. (31 December 2022: RMB5,289,000).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

VI. BUSINESS PROSPECTS

With the gradual receding of the impact of the epidemic and a series of policies to promote consumption to take effect, as well as the increase in demand for safe-haven assets, China's gold spot price is expected to rise in the year of 2024. Going forward, global gold spot price is expected to go up steadily during 2022 to 2027 at CAGR of 3.6%, from USD1,801.3 per ounce in 2022 to USD2,148.4 per ounce in 2027, considering the robust demand of gold. Furthermore, worries of economic downturn under the context of high inflation and high fuel cost is to last in the forecast time period, plus the existing geopolitical uncertainties (e.g. Russia-Ukraine tensions). Additionally, markets are also concerned on the over-aggressiveness of the Fed on rising interest rate, which may cause possible economic recession soon afterwards. Therefore, gold is needed for investment portfolio diversification to hedge risks and value preservation.

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.

On 25 March 2024, 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. For details, please refer to the announcement of the Company dated 25 March 2024.

VII. USE OF PROCEEDS FROM GLOBAL OFFERING

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 31 December 2023, the Company has utilized approximately HK$3.0 million of the net proceeds raised from the Global Offering. The Company intends to use the net proceeds in the same manner and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

Details of the use of the net proceeds as at 31 December 2023 are listed as below:

Business objective as stated in the Prospectus	Percentage of the Net Proceeds	Net Proceeds and utilization Actual amount available for utilization *HK$ million*	Utilized amount as of 31 December 2023 *HK$ million*	Remaining amount as of 31 December 2023 *HK$ million*	Expected timeline for utilization
Further construction of mining infrastructure in accordance with our mine optimisation plan	**20.4%**	**44.5**	**0**	**44.5**	**By June 2025**
Upgrade gold reserves to increase LoM through additional exploration activities at our existing mine area	**2.0%**	**4.4**	**0**	**4.4**	**By December 2024**
Expand our business through selective acquisitions of gold mining assets	**55.0%**	**120.1**	**0**	**120.1**	**By February 2025**
Repayment of existing bank loans guarantees	**12.6%**	**27.5**	**0**	**27.5**	**By September 2024**
Working Capital	**10.0%**	**21.8**	**3.0**	**18.8**	**By December 2025**
Total	**100.0%**	**218.3**	**3.0**	**215.3**	

Notes:

1. The Company remains committed to the original allocation of the net proceeds from the Global Offering as disclosed in the Prospectus.

2. The net proceeds from the Global Offering, after deducting the underwriting fees and expenses paid by the Company in connection with the Global Offering were approximately HK$218.3 million. The Company has allocated the difference between the estimated and actual net proceeds to each business objective in the same proportion as the original fund applied as shown in the Prospectus.

3. As at 31 December 2023, net proceeds not yet utilized were deposited with a licensed bank in Hong Kong.

4. With reference to the announcement dated 25 March 2024, the Group is still in the process of carrying out legal due diligence on a potential gold mine in Yantai. A Letter of Intent was signed on 25 March 2024. Once all the legal and financial due diligence have been completed, the Group will then enter into a formal definitive agreement with the owner of the potential target. The Group expect that the timeline for full utilization of the remaining net proceeds from the Global Offering allocated to expanding business of the Group through selective acquisitions of gold mining assets will be delayed from September 2024 to February 2025.

5. The expected timeline for utilising the unutilised net proceeds for the business objectives is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market conditions. The Company was of the view that it would be beneficial to adopt a more prudent strategy to the use of proceeds and should be appropriately adjusted to maintain flexibility for better accommodation of the changing market conditions, industry environment and the actual condition of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to the shareholders for the year ended 31 December 2023.

OVERVIEW OF SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Save as disclosed in the Prospectus and 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 Year.

DETAILS OF SIGNIFICANT EVENTS AFTER THE YEAR

Save as disclosed in the Prospectus and in this announcement under the section headed "MANAGEMENT DISCUSSION AND ANALYSIS – VI. BUSINESS PROSPECTS", there were no significant events affecting the listed issuer and its subsidiaries which have occurred since the end of the Year.

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 to 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (collectively, the "**CG Code**") during the year ended 31 December 2023. 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 Year, 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.

Board Meetings

Under code provision C.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors; under code provision C.5.1 of the CG Code, that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to the fact that the Company was listed on 22 December 2023, neither Board meetings nor Board committee meetings were held throughout the period from the Listing Date to 31 December 2023.

For details of the corporate governance report, please refer to the annual report to be dispatched to the shareholders in due course.

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 Year. 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 has reviewed the audited consolidated financial statements of the Group as set out in this results announcement for the Year. The Audit Committee considered that the consolidated financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the Year ("**2023 AGM**") will be held on 26 June 2024. A notice convening the 2023 AGM together with the circular of the Company will be published on the Company's website at www.persistenceresource.com and the Stock Exchange website at www.hkexnews.hk, and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For attending and voting at the 2023 AGM

In order to ascertain the shareholders who are entitled to attend the 2023 AGM, the register of members will be closed from 21 June 2024 to 26 June 2024, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2023 AGM, the shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's shares registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration at or before 4:30 p.m. on 20 June 2024.

PUBLICATION OF FINANCIAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.persistenceresource.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2023 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, 28 March 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; and Dr. Malaihollo Jeffrey Francis A, Mr. Chan Ngai Fan, Dr. Zeng Ming and Ms. Liu Li as independent non-executive Directors.