



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



2025
ANNUAL REPORT

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Corporate Information

CHINESE NAME OF THE COMPANY

集海黃金集團有限公司 (previously named as 集海資源集團有限公司)

ENGLISH NAME OF THE COMPANY

Persistence Gold Group Ltd (previously named as Persistence Resources Group Ltd)

EXECUTIVE DIRECTORS

Dr. Shao Xuxin
(Chairman and Chief Executive Officer)
Mr. Mackie James Thomas
Mr. Lo Cheuk Kwong Raymond
(resigned on 5 November 2025)
Mr. Chen Shaohui (resigned on 4 February 2025)
Mr. Chen Zhuping (appointed on 12 January 2026)

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Malaihollo Jeffrey Francis A
Mr. Chan Ngai Fan
Dr. Zeng Ming
Ms. Liu Li

COMPANY SECRETARY

Mr. Lo Cheuk Kwong Raymond
(resigned on 5 November 2025)
Mr. Chu Hon Leung
(appointed on 5 November 2025)

AUTHORISED REPRESENTATIVES

Dr. Shao Xuxin
Mr. Lo Cheuk Kwong Raymond
(resigned on 5 November 2025)
Mr. Chu Hon Leung
(appointed on 5 November 2025)

AUDIT COMMITTEE MEMBERS

Mr. Chan Ngai Fan
(Chairman of the Audit Committee)
Dr. Malaihollo Jeffrey Francis A
Dr. Zeng Ming

REMUNERATION COMMITTEE MEMBERS

Dr. Zeng Ming
(Chairman of the Remuneration Committee)
Dr. Malaihollo Jeffrey Francis A
Mr. Chan Ngai Fan
Dr. Shao Xuxin

NOMINATION COMMITTEE MEMBERS

Dr. Shao Xuxin
(Chairman of Nomination Committee)
Dr. Malaihollo Jeffrey Francis A
Mr. Chan Ngai Fan
Dr. Zeng Ming

RISK MANAGEMENT COMMITTEE MEMBERS (SET UP ON 6 FEBRUARY 2025)

Mr. Chan Ngai Fan
(Chairman of the Risk Management Committee)
Dr. Zeng Ming
Ms. Liu Li

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE MEMBERS (SET UP ON 6 FEBRUARY 2025)

Dr. Zeng Ming
(Chairman of the Environmental, Social and Governance Committee)
Mr. Chan Ngai Fan
Ms. Liu Li

Corporate Information

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

HONG KONG LEGAL ADVISERS

Li & Partners
22nd Floor, World-Wide House
19 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 20, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Huaxia Bank Co., Ltd.
Yantai Branch
No. 123 South Street
Zhifu District
Yantai
Shandong
PRC

Shanghai Pudong Development Bank Co., Ltd.
Yantai Laishan Sub-branch
No. 131 Yingchun Street
Laishan District
Yantai
Shandong
PRC

Qingdao Rural Commercial Bank Co., Ltd.
Yantai Branch
No. 200, Changjiang Road
Development Zone
Yantai
Shandong
PRC

Yantai Rural Commercial Bank Co., Ltd.
Muping Sub-branch
No. 383 Zhengyang Road
Muping District
Yantai
Shandong
PRC

Yantai Rural Commercial Bank Co., Ltd.
Wanggezhuang Sub-branch
No. 5 Tongda Street
Wanggezhuang
Muping District
Yantai
Shandong
PRC

COMPANY WEBSITE

<http://www.persistencegold.com/>
(previously <http://www.persistenceresource.com/>)

STOCK CODE

2489

Five-Year Financial Summary

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	628,798	499,505	383,463	418,413	247,872
Cost of sales	(297,420)	(245,746)	(200,210)	(199,823)	(107,767)
Gross profit	331,378	253,759	183,253	218,590	140,105
Profit before tax	242,880	213,809	146,257	184,908	87,210
Profit attributable to owners of the parent	110,647	104,760	65,025	83,214	41,624
Earnings per share (RMB cents)	5.30	5.24	4.30	5.56 (Restated)	2.77 (Restated)
All-in-sustaining cost	385,918	285,696	237,206	233,505	160,662

SUMMARY OF ASSETS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	1,125,630	567,571	581,707	554,171	552,394
Current assets	1,167,328	687,391	636,194	331,878	223,195
Current liabilities	397,172	139,376	178,086	146,431	181,295
Non-current liabilities	295,158	62,127	63,880	63,514	64,749
Net assets	1,600,628	1,053,459	975,935	676,104	529,545
Equity attributable to owners of the parent	1,360,645	883,464	827,788	553,871	488,637
Non-controlling interests	239,983	169,995	148,147	122,233	40,908

Five-Year Sales and Production Summary

The following table sets forth our ore mined volume, ore processed volume, gold production volume, gold sales volume, processing plant gold recovery rate, feed grade, average selling price, total production cost per unit and all-in-sustaining cost per unit for the period indicated:

	For the year ended 31 December									
	2025		2024		2023		2022		2021	
Ore mined volume	kt		kt		kt		kt		kt	
Songjiagou Open-Pit Mine	1,839.7		1,899.3		1,740.7		1,899.2		960.0	
Songjiagou Underground Mine	57.1		90.0		90.0		90.0		10.7	
DGZ Mine	52.0		–		–		–		–	
Total	1,948.8		1,989.3		1,830.7		1,989.2		970.7	
Ore processed volume	kt		kt		kt		kt		kt	
Songjiagou Open-Pit Mine	1,818.6		1,899.5		1,835.7		1,900.9		1,013.1	
Songjiagou Underground Mine	57.1		90.0		90.0		90.0		10.7	
DGZ Mine	57.9		–		–		–		–	
Total	1,933.6		1,989.5		1,925.7		1,990.9		1,023.8	
Gold production volume	kg	oz	kg	oz	kg	oz	kg	oz	kg	oz
Yantai Zhongjia	769.5	24,739.1	904.3	28,872.0	882.3	28,366.4	1,072.5	34,481.1	576.9	18,547.8
Yantai Mujin	77.9	2,504.3	–	–	–	–	–	–	–	–
Total	847.4	27,243.4	904.3	28,872.0	882.3	28,366.4	1,072.5	34,481.1	576.9	18,547.8
Gold sales volume										
Yantai Zhongjia	756.8	24,331.6	913.3	29,363.3	872.3	28,043.6	1,084.9	34,880.4	645.50	20,753.4
Yantai Mujin	78.0	2,508.4	–	–	–	–	–	–	–	–
Total	834.8	26,840.0	913.3	29,363.3	872.3	28,043.6	1,084.9	34,880.4	645.5	20,753.4
Processing plant gold recovery rate										
Yantai Zhongjia	93.96%		94.52%		94.46%		95.31%		95.33%	
Yantai Mujin	97.98%		–		–		–		–	
Feed grade	(g/t)		(g/t)		(g/t)		(g/t)		(g/t)	
Yantai Zhongjia	0.48		0.53		0.53		0.62		0.62	
Yantai Mujin	1.49		–		–		–		–	
Average selling price	RMB/g	RMB/oz	RMB/g	RMB/oz	RMB/g	RMB/oz	RMB/g	RMB/oz	RMB/g	RMB/oz
	753.22	23,427.70	546.92	17,011.07	439.63	13,673.99	385.67	11,995.65	384.00	11,943.71
Total production cost	351.00	10,917.16	271.75	8,452.43	226.92	7,058.01	186.32	5,795.14	186.80	5,810.23
All-in-sustaining cost	462.28	14,378.40	312.82	9,729.68	271.95	8,458.48	215.23	6,694.44	248.90	7,741.49

Five-Year Sales and Production Summary

Notes:

1. “kt” means thousand tonnes, a metric unit of weight, being equivalent to 1.0 million kg.
2. “kg” means kilogram(s), the basic unit of mass in the international system of units.
3. “g/t” means grams per metric tonne – metal grade.
4. “oz” or “ounce” means a unit of weight for precious metals.
5. Gold production volume refers to the gold volume realized after smelting.
6. “Yantai Zhongjia” refers to Yantai Zhongjia Mining Co., Ltd..
7. “Yantai Mujin” refers to Yantai City Mujin Mining Company Limited.
8. “DGZ Mine” refers to Denggezhuang Underground Mine of Yantai Mujin.

Chairman's Statement

To Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Persistence Gold Group Ltd (the “**Company**”), I am pleased to present to the shareholders of the Company (the “**Shareholders**”) the annual report of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Year**”). I would also like to express our kindest regards to all Shareholders on behalf of the Board and all staff members.



Shao Xuxin

Chairman

OVERVIEW

The Company is a gold exploration, mining and processing company established in 2005 and located in Yantai city of the Shandong Province in China. We sell gold bullion derived from gold concentrate processed by us. Furthermore, Shandong Province is the largest gold producing province in the PRC, while Yantai city is the largest gold mine production city in Shandong Province.

During the year, we have successfully completed all future plans as disclosed in the heading of Future Plans and Use of Proceeds of our Prospectus dated 14 December 2023 including the further construction of mining infrastructure and exploration work for upgrade of gold reserves. Further details, please refer to the page 23, USE OF PROCEEDS FROM GLOBAL OFFERING.

On 24 February 2025, the Company completed its acquisition of Yantai City Mujin Mining Company Limited (“**Yantai Mujin**”). Following the completion, the Company, through PRG Res HK 2 Limited and Majestic Yantai Gold Ltd., holds approximately 52.0% of the equity interest of Yantai Mujin and becomes its controlling shareholder. Yantai Mujin has therefore become a non-wholly-owned subsidiary of the Company and its financial results were consolidated into the financial statements of the Group as at 1 March 2025.

Chairman's Statement

Following the completion of the acquisition of Yantai Mujin, the management of the Company has been actively involved in the routine operation, holding regular meetings to communicate directly with the management of Yantai Mujin. On 28 July 2025, the Company announced that a hanging wall accident occurred in the Denggezhuang Underground Mine (the “**DGZ Mine**”) of Yantai Mujin. A worker was struck by loose rock while performing risk removal operation and unfortunately died after rescue efforts failed. Thereafter, the Shandong Provincial Emergency Management Department and Shandong Bureau of the State Mine Safety Supervision Administration (“**EMD&SSA**”) ordered the suspension of production, rectification of the situation and temporarily withhold the relevant licenses of the DGZ Mine. Under the order from EMD&SSA, the Emergency Management Bureau of Muping District Yantai City (the “**EMB**”) conducted in-depth inspections and examinations on the DGZ Mine, and Yantai Mujin has completed all the required rectifications. On 26 September 2025, Yantai Mujin received the Safety Production Administrative Enforcement Document Rectification Review Opinion ((Lu Yan Mu) Emergency Review (2025) No. 138) issued by the EMB, approving DGZ Mine to resume operations. Accordingly, Yantai Mujin has immediately resumed the production of the DGZ Mine.

The safety production permit for the Songjiagou Northern Mining Area underground mine (hereinafter referred to as the “**Songjiagou Underground Mine**”) of Yantai Zhongjia Mining Co., Ltd. (hereinafter referred to as “**Yantai Zhongjia**”), a subsidiary of the Group, expired on 11 September 2025. Yantai Zhongjia had already submitted relevant documents to the Shandong Provincial Emergency Management Department (hereinafter referred to as the “**Emergency Department**”) in August 2025 to apply for renewal of the safety production permit for the Songjiagou Underground Mine.

In view that the Emergency Department might conduct unannounced safety inspections of the mining area during the application process, Yantai Zhongjia voluntarily decided to temporarily suspend major production activities in the Songjiagou Underground Mine starting from 1 September 2025. This was to facilitate a comprehensive hazard investigation by the Emergency Department and to enable Yantai Zhongjia to more effectively follow up on any proposed safety rectification measures, if any, in support of the renewal application for the Songjiagou Underground Mine's safety production permit. On 20 November, 2025, the Company received the safety production license issued by the Emergency Management Department of Shandong Province and immediately resumed the normal production activities of Songjiagou Underground Mine.

On 25 September 2025, the Company entered into a placing agreement, pursuant to which the Company had conditionally agreed to place, through the joint placing agents on a best effort basis, up to 400,000,000 placing shares at the placing price of HK\$1.18 per placing share to not less than six (6) placees who and whose beneficial owner(s) shall be independent third party(ies). The closing price of the Shares of the Company was HK\$1.46 per Share as quoted on the Stock Exchange on the date of the placing agreement. On 14 October 2025, all of the 400,000,000 placing shares were placed. The placing was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support a healthy and sustainable development of the Company. Completion of the placing took place on 14 October 2025. The final net proceeds from the placing after deducting all fees, costs and expenses properly incurred by the Company including without limitation, the joint placing agents' commission (fixed and discretionary, if any), the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy and other expenses incurred by the Company in connection with the placing, are approximately HK\$464 million. The net placing price per placing share, after deducting such fees, costs and expenses, is approximately HK\$1.16.

Chairman's Statement

The Company presently intends to use the net proceeds of the placing (i) for potential gold mine project acquisitions; (ii) for acceleration of the Company's business expansion; and (iii) as general working capital and other general corporate purposes. For details of the intended use of net proceeds, please refer to the page 24, USE OF PROCEEDS FROM PLACING. In January 2026, the Representatives of the Group attended the Mining Indaba and 121 Mining Investment Conference in South Africa for assessing property acquisition and joint venture opportunities. When there are further updates in this regard, the Company will notify its Shareholders.

RESULTS

The revenue of the Group for the years ended 31 December 2025 and 2024 were approximately RMB628,798,000 and approximately RMB499,505,000 respectively, representing an increase of approximately 25.9%. The net profit of the Group for the years ended 31 December 2025 and 2024 were approximately RMB144,332,000 and approximately RMB146,608,000 respectively, representing a decrease of approximately 1.6%. Details of the Group's results and prospects will be discussed under the section of "Management Discussion and Analysis" in this 2025 annual report of the Group.

OUTLOOK

Due to the new government safety regulations in 2025, open-pit mines can only operate at three levels simultaneously. Therefore, we must extract from the lower grade bench at the top level first before we can move to the higher grade ore at the lower level. As a result, we extracted more lower grade ore for our processing in this year such that the overall gross margin was lower. In the coming year, the mine will begin extracting higher grade ore and the ore grade is expected to improve commencing from April 2026.

Furthermore, following the completion of the drilling exploration work in February 2025 and also the completion of the mining infrastructure in accordance with the Mine Optimization Plan (as mentioned in our Prospectus dated 14 December 2023) in June 2025, the Company has engaged with SRK Consulting China Ltd to work out a new production plan. This would enable the Company to achieve a new milestone by upgrading our gold reserves of our Songjiagou Open-Pit Mine, extending its life of mine and improving the current production volume. In addition, the Company has decided to further extend the drilling exploration work such that the gold reserves of our Songjiagou Open-Pit Mine may also be further increased. The Company will release further announcement for this matter in due course as appropriate.

Chairman's Statement

Finally, we will continue to integrate environmental, social and governance (“**ESG**”) requirements, in particular the new climate requirements implemented by the Hong Kong Stock Exchange, into all aspects of production and operation, and advocate the concept of sustainable development to improve core competitiveness, thus demonstrating our commitment and responsibility as a listed company for creating added value for all stakeholders. For this matter, the Company appointed PRO-WIS Sustainability Advisory Services Limited as ESG Consultant to provide appropriate ESG training in accordance with the requirement of Hong Kong Financial Reporting Standard S1 and S2 as well as the Climate Disclosures under the HKEX ESG reporting framework during the year 2025.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our Shareholders, investors and business partners for their continuous support, as well as our management team and staff for their hard work and contributions during the year. We look forward to seeing a promising growth in the coming year.

Shao Xuxin

Chairman

Hong Kong, 31 March 2026

Management Discussion and Analysis

I. RESULTS FOR THE YEAR

GOLD PRODUCTION

For the Year, the Group's total gold production volume was approximately 847.4 kg (or approximately 27,243.4 ounces), representing a decrease of approximately 6.3% as compared to previous year. The decrease in gold production was mainly attributable to the enhanced slope management requirements imposed by the Shandong Provincial Emergency Management Department and the Shandong Bureau of the State Mine Supervision Administration following the Yantai Audit-Style Support and Supervision Programme for safety inspection conducted in mid-February 2025. The relevant rectification works were fully completed by the end of June 2025.

In addition, production at the DGZ Mine operated by Yantai Mujin, a subsidiary of the Group, was suspended between July and September 2025 following a safety incident in July 2025. Meanwhile, production at the Songjiagou Underground Mine operated by Yantai Zhongjia, a subsidiary of the Group, was voluntarily suspended between September and November 2025 for the renewal of its safety production permit.

REVENUE

For the Year, the Group's revenue was approximately RMB628,798,000 (2024: RMB499,505,000), representing an increase of approximately 25.9% as compared to the previous year. The increase was mainly attributable to the increase in the average selling price by approximately 37.7% offset by the decrease in sales volume by 8.6% as compared to the comparable period.

NET PROFIT

For the Year, the Group's net profit was approximately RMB144,332,000 (2024: RMB146,608,000), representing a decrease of approximately 1.6% as compared to the previous year. The decrease in net profit was primarily due to (i) the increase in gross profit as a result of the higher average selling price offset by an increase in cost of sales; (ii) a decrease in interest income on the Group's cash and cash equivalent balances, partially offset by the increase in the sales of sulfuric acid; (iii) the inclusion of the administration expenses of Yantai Mujin; (iv) the share-based payment associated with the share option granted to Directors and Senior Management on 11 July 2025 offset by the decrease in the legal and professional fee for acquisition of Yantai Mujin; (v) the loss on demolition of a road between Songjiagou Open-Pit Mine and processing plant; and (vi) the increase in the suspension cost attributed by the suspension of DGZ mine and Songjiagou Underground Mine for the period from July 2025 to September 2025 and for the period from September 2025 to November 2025 respectively.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION

In August 2025, Yantai Mujin had completed a concealed hazard exploration program for a total of 22 drill holes at the Chahe Underground Gold Mine (“**CH Mine**”) for preliminary preparation work to accommodate the planned production in the year 2028. The total contract sum for this exploration program was approximately RMB3,550,000 and was recorded as exploration expenditure in the administrative expenses on page 128 of the consolidated statement of profit or loss and other comprehensive income of this report. Save as aforesaid, the cost of sales directly attributable to the expenditure incurred on mining production activity was presented in the consolidated statement of profit or loss and other comprehensive income on page 128 of this report.

EARNINGS PER SHARE

For the Year, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB5.30 cents (2024: RMB5.24 cents), representing an increase of approximately 1.1% as compared to the previous year.

DIVIDEND

On 29 August 2025, our Company declared and paid interim dividends of approximately HK\$60,000,000 to our shareholders, which were fully settled on 2 October 2025 to the Shareholders whose names appear on the register of members of our Company at the close of business on 16 September 2025. No other dividends have been declared and paid by the companies to their shareholders. The Board does not recommend any further payment of annual dividend for the Year. Our Company has adopted a dividend policy under which it may distribute interim cash dividends to our shareholders when certain conditions are met. For details of our Dividend Policy, please refer to page 70 and page 71 of this Report.

II. MARKET OVERVIEW

During the year, the gold marked an exceptional bull market supported by a sequence of macroeconomic and geopolitical catalysts. These included rising tariff-related risks, accelerating de-dollarization efforts, monetary easing by the U.S. Federal Reserve, and a sustained decline in U.S. Treasury yields. The interaction of these forces reshaped market behavior, producing dynamics that diverged from historical norms. Central bank demand remained a key pillar of support throughout the year, while elevated economic and geopolitical uncertainty reinforced gold’s role as a safe-haven asset and long-term store of value.

From a capital perspective, Asian capital in the gold market also increased markedly, becoming a significant source of funding. Compared to European and American capital, Asian funds focus more on medium-to-long-term trend variables affecting the gold market, such as de-dollarization, geopolitical situations, and central bank gold buying. Conversely, US and European capital maintains a more traditional perspective, focusing on the performance of USD assets like U.S. Treasuries and stocks.

Management Discussion and Analysis

As funding sources broadened and investor behavior became more heterogeneous, market volatility increased. Even so, from a strategic allocation perspective, gold remains in the portfolios of both institutional and retail investors across most regions as a continued long term potential precious metal.

In the first half of 2025, the global gold spot price continued to rise, reaching the highest price at US\$3,454.70 per ounce in April 2025. In the second half of 2025, the global gold spot price continued to rise reaching the highest price at US\$4,549.74 per ounce in December 2025, closed at US\$4,319.62 in December 2025 and the average global gold spot price was US\$3,441.33 per ounce for the whole year.

China's gold spot price continued to rise in the first half of 2025, reaching the highest RMB797.35 per gram in May 2025. In the second half of 2025, the gold spot price also continued to rise, reaching the highest RMB1,017.19 per gram in December 2025, closed at RMB974.39 per gram in December 2025 and the average gold spot price was RMB795.21 per gram for the whole year.

III. BUSINESS REVIEW

For the Year, the Group's total gold production volume was approximately 847.4 kg (or approximately 27,243.4 ounces), representing a decrease of approximately 6.3% as compared to previous year. The decrease in gold production was mainly attributable to the enhanced slope management requirements imposed by the Shandong Provincial Emergency Management Department and the Shandong Bureau of the State Mine Supervision Administration following the Yantai Audit-Style Support and Supervision Programme for safety inspection conducted in mid-February 2025. The relevant rectification works were fully completed by the end of June 2025.

In addition, production at the DGZ Mine operated by Yantai Mujin, a subsidiary of the Group, was suspended between July and September 2025 following a safety incident in July 2025. Meanwhile, production at the Songjiagou Underground Mine operated by Yantai Zhongjia, a subsidiary of the Group, was voluntarily suspended between September and November 2025 for the renewal of its safety production permit.

Although the decrease in the gold production leading to the decrease in the sales of gold bullion, the Group's revenue increased by approximately 25.9% to approximately RMB628,798,000 (2024: RMB499,505,000) as compared with previous year. The net profit of the Group was approximately RMB144,332,000 (2024: RMB146,608,000), representing a decrease of 1.6% as compared with previous year. The basic and diluted earnings per share amounted to approximately RMB5.30 cents (2024: RMB5.24 cents), representing an increase of 1.1% as compared with previous year.

Management Discussion and Analysis

IV. MINERAL RESOURCES AND RESERVES

MINERAL RESOURCES AND RESERVES STATEMENT FOR SONGJIAGOU OPEN-PIT, SONGJIAGOU UNDERGROUND MINE, DGZ MINE, CH MINE, AND HOUZHUANG-HEINIUTAI UNDERGROUND GOLD MINE (“HH MINE”) AS AT 31 DECEMBER 2025^{1,2}

		Resources		Reserves	
		Indicated	Inferred	Proved	Probable
Songjiagou Open-pit	Cut-off grade (g/t)	0.3	0.3	–	0.3
	Ore (kt)	31,600	35,500	–	20,100
	Gold Grade (g/t)	1.09	0.94	–	1.16
	Gold Content (kg)	34,400	33,400	–	23,400
	Gold Content (koz)	1,110	1,080	–	751
Songjiagou Underground Mine	Cut-off grade (g/t)	0.7	0.7	–	0.7
	Ore (kt)	1,530	2,960	–	474
	Gold Grade (g/t)	1.39	1.23	–	1.45
	Gold Content (kg)	2,120	3,650	–	687
	Gold Content (koz)	68	117	–	22.1
DGZ Mine	Cut-off grade (g/t)	1.0	1.0	–	1.9
	Ore (kt)	1,000	1,700	–	1,300
	Gold Grade (g/t)	6.0	4.8	–	3.8
	Gold Content (kg)	6,100	8,000	–	5,000
	Gold Content (koz)	200	260	–	161
CH Mine	Cut-off grade (g/t)	1.0	1.0	–	–
	Ore (kt)	300	570	–	–
	Gold Grade (g/t)	4.3	3.9	–	–
	Gold Content (kg)	1,300	2,200	–	–
	Gold Content (koz)	41	71	–	–
HH Mine	Cut-off grade (g/t)	1.0	1.0	–	–
	Ore (kt)	270	76	–	–
	Gold Grade (g/t)	2.6	2.3	–	–
	Gold Content (kg)	690	170	–	–
	Gold Content (koz)	22	5.5	–	–

Management Discussion and Analysis

Notes:

1. The resources and reserves figures stated as above are based on the Technical Memo on the Update of the Mineral Resources and Mineral Resources and Mineral Reserves of Songjiagou Gold Project provided by Qualified Person, SRK Consulting China Ltd. (in compliance with the requirements of NI 43-101) dated 10 March 2026.
2. “koz” means thousand ounces, a unit of weight.
3. 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 mineral 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. Total may not be added due to rounding.
- 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. Dr. Xu and Mr. Li consent to the reporting of this information in the form and context in which it appears.
- 1.3 The conversion between troy ounce and gram used herein is 1 oz = 31.1035 g.

2. Mineral reserve estimates

- 2.1 All figures are rounded to reflect the relative accuracy of the estimate. Total may not be added due to rounding.
- 2.2 The Mineral Reserves are included in the Mineral Resources. They shouldn't be added to the Mineral Resources.
- 2.3 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 43-101.4. Dr. Xu supervised the work of Mr. Wu. Dr. Xu and Mr. Wu consent to the reporting of this information in the form and context in which it appears.

Management Discussion and Analysis

3. CH Mine Exploration Result

SRK noted that twenty two boreholes were drilled in clustering pattern between 23 February and 10 June in 2025 at the northmost part of CH Mine to find out the hidden disaster-causing factors that could induce water, fire, gas, rock burst, land slide, dam collapse and so on. List of the assayed samples are shown in below table. The gold grade ranges from 0.30 grams per tonne (“g/t”) to 33.75 g/t, with a length weighted average grade of 3.33 g/t.

Property	Identification	From	To	Length	Gold Grade (g/t)
CH Mine	YBZK57-1	160.00	160.30	0.30	0.30
CH Mine	YBZK57-4	183.00	183.60	0.60	4.20
CH Mine	YBZK57-4	187.30	187.90	0.60	33.75
CH Mine	YBZK58-1	197.20	198.20	1.00	33.60
CH Mine	YBZK58-1	200.00	200.40	0.40	11.10
CH Mine	YBZK58-1	202.60	203.40	0.80	7.95
CH Mine	YBZK58-3	170.00	171.00	1.00	5.25
CH Mine	YBZK58-3	259.00	261.00	2.00	0.45
CH Mine	YBZK58-4	231.30	231.80	0.50	9.30
CH Mine	YBZK58-4	239.80	241.00	1.20	0.45
CH Mine	YBZK58-5	264.00	264.80	0.80	0.75
CH Mine	YBZK58-5	321.50	321.70	0.20	1.20
CH Mine	YBZK59-2	261.00	261.60	0.60	0.45
CH Mine	YBZK59-2	262.00	262.40	0.40	1.65
CH Mine	YBZK59-2	265.00	265.70	0.70	11.25
CH Mine	YBZK59-2	265.70	266.50	0.80	0.30
CH Mine	YBZK59-3	273.20	273.70	0.50	0.30
CH Mine	YBZK59-3	284.00	285.00	1.00	0.30
CH Mine	YBZK59-3	285.00	286.00	1.00	0.60
CH Mine	YBZK59-3	309.00	310.00	1.00	0.75
CH Mine	YBZK60-1	268.80	269.60	0.80	0.45
CH Mine	YBZK60-1	295.20	295.80	0.60	0.60
CH Mine	YBZK62-2	193.00	193.60	0.60	0.60
CH Mine	YBZK62-3	123.20	123.90	0.70	1.50
CH Mine	YBZK62-3	197.50	198.00	0.50	0.90
CH Mine	YBZK62-3	198.80	199.20	0.40	0.75
CH Mine	YBZK62-4	104.00	104.60	0.60	0.90
CH Mine	YBZK62-4	197.00	199.80	2.80	0.70
CH Mine	YBZK2	24.80	26.30	1.50	5.40
CH Mine	YBZK2	32.40	34.10	1.70	2.25
CH Mine	YBZK2	143.80	144.60	0.80	0.60

Management Discussion and Analysis

Property	Identification	From	To	Length	Gold Grade (g/t)
CH Mine	YBZK2	144.60	145.40	0.80	0.75
CH Mine	YBZK2	156.00	157.40	1.40	1.20
CH Mine	YBZK2	163.80	165.60	1.80	1.20
CH Mine	YBZK2	173.00	173.50	0.50	2.25
CH Mine	YBZK3	49.50	51.00	1.50	1.65
CH Mine	YBZK3	93.00	94.60	1.60	2.40
CH Mine	YBZK3	119.50	120.00	0.50	0.30
CH Mine	YBZK3	141.00	143.00	2.00	1.05
CH Mine	YBZK3	153.40	153.70	0.30	0.90
CH Mine	Average	/	/	/	3.33

V. FINANCIAL ANALYSIS

REVENUE

For the Year, the Group's revenue was approximately RMB628,798,000 (2024: RMB499,505,000), representing an increase of approximately 25.9% as compared to the previous year. The increase was mainly attributable to the increase in the average selling price by approximately 37.7% offset by the decrease in sales volume by 8.6% as compared to the previous year.

COST OF SALES

For the Year, the Group's cost of sales was approximately RMB297,420,000 (2024: RMB245,746,000), representing an increase of approximately 21.0% as compared to the previous year. The increase was attributed to several factors mainly the inclusion of the cost of sales of Yantai Mujin, an increase in tailing processing fees, and the increase in resources tax.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Year, the Group's gross profit was approximately RMB331,378,000 (2024: RMB253,759,000), representing an increase in gross profit of approximately 30.6%. The increase in gross profit was primarily attributable to the increase in average selling price partially offset by the increase in the cost of sales.

During the Year, the Group's gross profit margin was approximately 52.7% (2024: 50.8%). The increase was mainly attributable to the increase in average selling price, partially offset by the increase in the cost of sales.

Management Discussion and Analysis

OTHER INCOME AND GAINS

During the Year, the Group's other income and gains were approximately RMB18,408,000 (2024: RMB19,703,000), representing a decrease of approximately 6.6% as compared to the previous year. The decrease in other income and gains was mainly due to the decrease in interest income earned on the Group's cash and cash equivalent balances as all of the net proceeds from the Company's global offering were utilized in July 2025 and the net proceeds from the placing of new shares were received in October 2025, partially offset by the increase in the sales of sulfuric acid.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB76,433,000 during the Year (2024: RMB55,497,000), representing an increase of approximately 37.7% as compared to the previous year. The increase of administrative expenses was mainly due to the inclusion of the administration expenses of Yantai Mujin and the share-based payment associated with the share option granted to Directors and Senior Management on 11 July 2025, partially offset by the decrease in the legal and professional fee for the acquisition of Yantai Mujin.

OTHER EXPENSES

For the Year, the Group's other expenses were approximately RMB21,627,000 (2024: RMB1,699,000), representing an increase of approximately RMB19,928,000 as compared to the previous year. The increase was mainly attributable to the loss on demolition of a road between Songjiagou Open-pit Mine and processing plant, as well as an increase in the suspension costs attributable to the suspension of DGZ Mine and Songjiagou Underground Mine for the period from July 2025 to September 2025 and for the period from September 2025 to November 2025 respectively.

FINANCE COSTS

For the Year, the Group's finance costs were approximately RMB8,846,000 (2024: RMB2,457,000), representing an increase of approximately RMB6,389,000 as compared to the previous year. The increase was mainly due to an increase in the interest expenses on interest-bearing bank borrowings and the finance cost in respect of the instalment payment for mining right of Yantai Mujin.

INCOME TAX EXPENSES

For the Year, the Group's income tax expenses were approximately RMB98,548,000 (2024: RMB67,201,000), representing an increase of approximately RMB31,347,000 as compared to the previous year. The increase was primarily due to the increase in the 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% (2024: 25%) on the taxable income. The effective tax rate of the Group is approximately 40.6% during the Year (2024: approximately 31.4%). The increase in the effective tax rate was mainly due to the additional tax expenses arising out of the tax adjustments before the annual tax settlement in April 2025 and also the increase in withholding tax payable on the distributable profits of Yantai Zhongjia.

Management Discussion and Analysis

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB110,647,000, representing an increase of approximately 5.6% from approximately RMB104,760,000 in 2024. The increase was mainly due to the increase in the profit after tax for the year.

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 net working capital (current assets less current liabilities) of the Group were RMB770,156,000 as at 31 December 2025. The liquidity of the Group and its working capital and finance requirements was closely monitored by the Board on a regular basis.

CASH FLOWS AND WORKING CAPITAL

The Group's cash and cash equivalents have increased from approximately RMB639,599,000 as at 31 December 2024 to approximately RMB1,092,630,000 as at 31 December 2025. The increase was mainly due to the net proceeds arising out of the placing of new shares received in October 2025.

As at 31 December 2025, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB425,641,000 (2024: RMB171,204,000), those denominated in Canadian dollars amounted to approximately RMB628,000 (2024: RMB605,000), those denominated in United States dollars amounted to approximately RMB76,301,000 (2024: RMB65,983,000). All other cash and cash equivalents held by the Group were denominated in RMB.

BORROWINGS

The Group's borrowings are all denominated in RMB. Except for certain bank borrowings amounting to RMB67,800,000 (2024: Nil) 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.

Management Discussion and Analysis

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

	2025 RMB'000	2024 RMB'000
Total debt		
Interest-bearing bank and other borrowings	244,242	–
Total equity	1,600,628	1,053,459
Gross gearing ratio	15.3%	–

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 sales 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 (2024: Nil) that bear interest at floating rates, most of 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 December 2024 and 2025. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Management Discussion and Analysis

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 smelting 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 2025, the Group has the following pledged assets:

- (1) The restricted and pledged bank deposits amounting to RMB34,756,000 (2024: RMB21,212,000) were placed as environmental rehabilitation deposits which are restricted as to use, and those of RMB150,000 (2024: Nil) were placed as deposits for temporary business dispute.
- (2) Certain of the Group's properties with an aggregate carrying amount of approximately RMB12,403,000 (2024: Nil) 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 RMB33,560,000 (2024: Nil) 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 RMB271,643,000 (2024: Nil) were pledged to secure interest bearing bank borrowings granted to the Group.

CONTRACTUAL OBLIGATIONS

As at 31 December 2025, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were approximately RMB127,187,000 (2024: Nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

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

VI. BUSINESS PROSPECTS

Looking ahead, gold prices will remain closely tied to the evolving geoeconomic environment. Under current conditions, prices largely reflect prevailing macro expectations and may trade within a broad range. A scenario of slowing global growth accompanied by further U.S. interest rate cuts would likely support incremental gains in gold. In the event of a sharper economic downturn or escalation in global risks, gold could deliver strong outperformance. By contrast, a successful implementation of U.S. policy measures that boosts growth, strengthens the U.S. dollar, and lifts interest rates could weigh on gold prices. In addition, the direction of gold prices will also depend on how the Iran war evolves. If tensions escalate further or disrupt key energy supply routes, analysts expect gold to remain well supported.

In the year 2026, further to the resumption of production at both the DGZ Mine of Yantai Mujin and the Songjiagou Underground Mine of Yantai Zhongjia and also the completion of the Yantai Audit-Style Support and Supervision Programme for safety inspection in mid-February 2025, the Company expects to benefit from relatively stable production in this year.

Furthermore, the acquisition of Yantai Mujin is expected to generate a promising synergy effect on our existing mine production. Yantai Mujin has planned to complete the infrastructure of HH Mine and CH Mine by the end of February 2027 and the end of December 2027 respectively. In addition, the infrastructure of number 3 shaft of DGZ Mine will be completed in the second quarter of 2028. Thus, we expect that the full operation of Yantai Mujin including all its three mines is expected to commence in the year 2028.

On one hand, we continuously aim to achieve sustainable growth in order to strengthen the Group's position in the Shandong Province. On the other hand, we also actively seek potential gold mine acquisition opportunities in overseas by using the net proceeds raised out of the Placing in October 2025. The Company will release further announcement regarding to the progress of the potential gold mine project acquisitions once confirmed.

Due to a severe accident occurred in a third party mine in Zhaoyuan City, Yantai on 7 February 2026, both Yantai Zhongjia and Yantai Mujin were mandated to cease production immediately. Further actions will be taken upon receipt of the official notice from the Emergency Management Bureau. In March 2026, the Company announced that the Songjiagou Open-Pit Mine and the Songjiagou Underground Mine of Yantai Zhongjia as well as the DGZ Mine of Yantai Mujin have resumed operation and production. With all our mines are operating in normal conditions, the Directors believe that the financial results of the Company are expected to improve starting from the second quarter of 2026.

Management Discussion and Analysis

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) (as defined in the prospectus of the Company dated 14 December 2023 (the “**Prospectus**”)).

For the period from the Listing Date up to 31 December 2025, the Company has fully utilized all 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 2025 are listed as below:

Business objective as stated in the Prospectus	Net Proceeds and utilization				
	Percentage of the Net Proceeds	Actual amount available for utilization <i>HK\$ million</i>	Utilized	Remaining	Expected timeline for utilization
			amount as of 31 December 2025 <i>HK\$ million</i>	amount as of 31 December 2025 <i>HK\$ million</i>	
Further construction of mining infrastructure in accordance with our mine optimization plan	20.4%	44.5	44.5	-	By June 2025
Upgrade gold reserves to increase LoM through additional exploration activities at our existing mine area	2.0%	4.4	4.4	-	By February 2025
Expand our business through selective acquisitions of gold mining assets	67.6%	147.6	147.6	-	By February 2025
Working Capital	10.0%	21.8	21.8	-	By December 2025
Total	100.0%	218.3	218.3	-	

Management Discussion and Analysis

VIII. USE OF PROCEEDS FROM PLACING

On 25 September 2025, the Company entered into the placing agreement with the joint placing agents, pursuant to which the Company conditionally agreed to place, through the joint placing Agents on a best effort basis, up to 400,000,000 placing shares at the placing price of HK\$1.18 per placing share. The final net proceeds from the placing after deducting all fees, costs and expenses properly incurred by the Company including without limitation, the joint placing agents' commission (fixed and discretionary, if any), the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy and other expenses incurred by the Company in connection with the Placing, are approximately HK\$464.3 million. For the period from the placing completion date up to 31 December 2025, the Company has utilized only HK\$5.1 million net proceeds raised from the Placing.

Intended purposes of placing net proceeds	Net Proceeds and utilization				
	Percentage of the Net Proceeds	Actual amount available for utilization	Utilized	Remaining	Expected timeline for utilization
			amount as of 31 December 2025	amount as of 31 December 2025	
		HK\$ million	HK\$ million	HK\$ million	
Potential gold mine project acquisitions	50.0%	232.2	0.00	232.2	By December 2026
Acceleration of the Company's business expansion	25.0%	116.1	(0.40)	115.7	By July 2027
General working capital and other general corporate purposes	25.0%	116.1	(4.70)	111.4	By December 2027
Total	100.0%	464.3	(5.1)	459.2	

Notes:

1. The Company remains committed to the original allocation of the net proceeds from the Placing.
2. As at 31 December 2025, net proceeds not yet utilized were deposited with a licensed bank in Hong Kong.
3. 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.

Directors, Supervisors and Senior Management Profile

Details of personnel currently serving as Directors of the Company during the Year and as of the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Dr. Shao Xuxin, aged 62, born in July 1963. He obtained a bachelor's degree in mineral processing from Wuhan Institute of Technology (formerly known as Wuhan Institute of Chemical Technology* (武漢化工學院)), and a doctor of philosophy degree in mineral processing from China University of Mining & Technology Beijing. He was appointed as a Director of the Company in May 2019 and was subsequently re-designated as an executive Director of the Company and appointed as the Chairman of the Board and the chief executive officer in March 2022. He has also been serving as a director of Majestic Yantai BVI since July 2004, and an adviser of Majestic Gold since 2004. From July 1990 to September 1996, he has served as a lecturer, associate professor and deputy department head of the Department of Mineral Processing at China University of Mining & Technology-Beijing, a research scientist for the Centre for Applied Energy Research at the University of Kentucky, the United States from October 1996 to December 1997, a process metallurgist at Process Research Associates Ltd. from February 1998 to April 1998, the project manager at Atlantic Gold Corporation (formerly known as Spur Ventures Inc.) (previously listed on the TSX Venture Exchange, stock symbol: AGB) from July 1998 to March 2003, the director, president and chief financial officer at Sterling Group Ventures, Inc. (previously quoted on OTC Link in the United States, stock symbol: SGGV) from January 2004 to April 2016, the adviser at Bullabulling Gold (UK) Limited (formerly known as GGG Resources PLC and Central China Goldfields plc) (previously listed on the London Stock Exchange and Australian Securities Exchange, stock symbols: GGG and GGB, respectively) from March 2004 to August 2008, the director at Delta 9 Cannabis Inc. (formerly known as Verona Development Corp.) (listed on the Toronto Stock Exchange, stock symbols: DN, DN.WT, DN.WT.A, DN.DB) ("**Delta 9 Cannabis Inc.**") from September 2006 to April 2008, and the director of a subsidiary of Goldrea Resources Corp. (listed on the Canadian Securities Exchange, Frankfurt Stock Exchange and OTC Pink Open Market, stock symbols: GOR, GOJ1 and GORAF, respectively) from April 2010 to March 2014.

Mr. MACKIE James Thomas, aged 57, born in May 1968. He is a Chartered Professional Accountant ("**CPA**") and was previously designated as a Certified General Accountant ("**CGA**") in 2007. He was appointed as a Director of the Company in May 2019 and was subsequently re-designated as an executive Director of the Company in March 2022. He has served as a director of Majestic Yantai BVI since October 2018. He has also served as Chief Financial Officer of Majestic Gold Corp. since March 2013 and as Corporate Secretary since November 2013. Prior to joining the Company, Mr. Mackie served as Corporate Controller for several companies listed on the TSX Venture Exchange from September 2005 to September 2012. He subsequently served as Chief Financial Officer and Corporate Secretary of Global Hunter Corp. (previously listed on the TSX Venture Exchange under the symbol BOB.H) from September 2012 to July 2014, and concurrently held the same positions at Delta 9 Cannabis Inc. during that period. Mr. Mackie also previously served as a director of Majestic Gold Corp. from March 2013 to November 2013.

Directors, Supervisors and Senior Management Profile

Mr. LO Cheuk Kwong Raymond, aged 62, born in September 1963. He obtained a bachelor of commerce in accountancy degree from The University of Wollongong, Australia and a master of business administration degree from The Hong Kong Polytechnic University. He was admitted as a Certified Practising Accountant of The Australian Society of Certified Practising Accountants in October 1992 and a fellow member of the Hong Kong Institute of Certified Public Accountants in December 1998. He was appointed as a Director of the Company in May 2020, was appointed a director of Majestic Yantai BVI in May 2020 and was subsequently re-designated as an executive Director, chief financial officer and company secretary of the Company in March 2022 and he has also been serving as the sole shareholder and sole director of Perfect Team Consultants Limited since August 2006. From October 1984 to August 1987, he has served as a senior accountant at KPMG (formerly known as Peat, Marwick, Mitchell & Co.), an assistant general manager at Bowden Industries Limited, a subsidiary of Gold Peak Industries (Holdings) Limited (listed on the Stock Exchange, stock code: 40.HK) from September 1991 to April 2000, chief officer – finance, personnel and administration division at Chen Hsong Machinery Company, Limited, a subsidiary of Chen Hsong Holdings Limited (listed on the Stock Exchange, stock code: 57.HK) from April 2000 to August 2001, group chief financial officer at GMT Shipping (HK) Limited from September 2001 to February 2003, financial controller at Chen Chien Holdings Limited from February 2004 to June 2005, group chief executive officer at GMT Shipping (HK) Limited from October 2009 to May 2011, and group chief financial officer at Chung Ming Metal Resources Holdings Limited from January 2012 to July 2016. He has resigned from the capacity of an executive Director and company secretary since 5 November 2025 and continues to work as chief financial officer of the Company.

Mr. CHEN Shaohui, aged 67, born in June 1958. He obtained a bachelor's degree in mineral processing from Wuhan Institute of Technology (formerly known as Wuhan Institute of Chemical Technology* (武漢化工學院)). He was qualified as a senior engineer in the PRC in July 1993. He joined the Group in June 2008 as the general manager of Yantai Zhongjia, was appointed a director of Yantai Zhongjia in May 2010, was appointed as a Director in May 2020. He was subsequently re-designated as an executive Director of the Company in March 2022. From August 1983 to November 1997, he has served as the president of Hebei Huanqiu Contracting & Engineering Co., Ltd* (河北寰球工程有限公司) (formerly known as Chemical Mine Planning and Design Institute of Ministry of Chemical Industry of China* (化學工業部化學礦山規劃設計院)), the chief engineer of Tus Environmental Science and Technology Co., Ltd. (formerly known as SDIC Yuanyi Industry Co., Ltd) (listed on the Shenzhen Stock Exchange, stock code: 0826.SZ) from December 1997 to October 2000, the chief engineer of Hubei Yichang Phosphorus Chemical Industry Corporation Limited* (湖北宜昌磷化工業集團公司) from October 2000 to November 2011, the vice president of Micro Express Ltd., a wholly-owned subsidiary of Sterling Group Ventures, Inc. (previously quoted on OTC Link in the United States, stock symbol: SGGV) from January 2004 to May 2006, and the general manager and chairman of the board of Xinjiang Mejes Mining Co. Inc.* (新疆瑪嘉斯礦業有限公司) from June 2006 to June 2012. He has resigned as a Director in February 2025 and continues to act as a consultant of the Company for a term of two years.

Directors, Supervisors and Senior Management Profile

Mr. CHEN Zhuping, aged 51, born in June 1974. He is a member of the Communist Party of China and holds a doctoral degree, with qualifications as Chinese Certified Public Accountant, Chinese Certified Tax Agent and securities-related accounting professional, and he obtained a Bachelor's degree in Economics from Anhui University of Finance and Economics, a Master's degree in Public Administration from Peking University and a Doctor of Laws degree from Nanjing University, and was a visiting scholar at West Virginia University in the United States from 2007 to 2008. He previously served as an advisor to the Company from May 2021 to January 2026, and was appointed as an Executive Director of the Company in January 2026. From 2001 to 2018, he held various positions in Shanghai Qingpu District, including deputy director of the Qingpu District audit bureau, director and deputy Party secretary of the Shanghai Qingpu District State-owned Assets Supervision and Administration Commission* (上海市青浦區國有資產監督管理委員會), mayor and deputy Party secretary of Qingpu District Zhonggu Town* (青浦區重固鎮), and later member of the Qingpu District Party committee and Party secretary of Qingpu District Zhonggu Town. From 2018 to 2020, Mr. Chen served as senior vice president and then executive president of Guangwei Holdings Company Limited* (廣微控股有限公司) and chairman of Business Aviation Asia Limited* (亞聯公務機有限公司). He served as the president of Shanghai Maipai Investment Co., Ltd.* (上海麥拍投資有限公司) from 2021 to January 2026 and the vice president of Shanghai Xiaocao Green Energy New Materials Co., Ltd.* (上海小草綠能新材料有限公司) from August 2025 to January 2026.

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei, aged 59, was born in July 1966 with Chinese nationality. He graduated from Nankai University with a bachelor's degree in Economics in 1989 and obtained a Master of Business Administration (MBA) degree from China Europe International Business School (CEIBS) in 2010. He served as the vice chairman and vice president of Shenzhen Coship Electronics Co., Ltd. (深圳市同洲電子股份有限公司) from 2004 to 2010. From 2010 to present, he has been a chairman and general manager for Shenzhen Cosun Investment Management Ltd. (深圳市同晟創業投資管理有限公司). During the period from 8 December 2015 to December 2021, he served as an independent director of Shenzhen Increase Technology Co., Ltd. (深圳市英可瑞科技股份有限公司) (stock code: 300713.SHE). From October 2023 to present, he has also been an independent director of Shenzhen Pace Electronics Co., Ltd. (深圳市沛城電子科技股份有限公司). He was appointed as a non-executive Director of the Company in June 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. MALAIHOLLO Jeffrey Francis A, aged 59, born in June 1966. He obtained a bachelor's degree in arts with a major in geological sciences from University of California, Santa Barbara and a doctor of philosophy degree from the University of London. He is currently a fellow of each of the Australasian Institute of Mining and Metallurgy (FAusIMM) and Geological Society of London and a member of the Geological Society of America. He was appointed as an independent non-executive Director of the Company in November 2023. From June 2000 to August 2010, he served as a director and the head of research of Loeb Aron & Company Ltd. He was the managing director and director of Bullabulling Gold (UK) Limited (formerly known as GGG Resources Plc and Central China Goldfields plc) (previously listed on the London Stock Exchange and Australian Securities Exchange, stock symbols: GGG and GGB, respectively) from November 2004 to June 2012, a director of Bullabulling Gold Limited (previously listed on the London Stock Exchange and Australian Securities Exchange, stock symbols: BBG and BAB, respectively) from September 2011 to July

Directors, Supervisors and Senior Management Profile

2012, managing director and chief executive director of Cyprium Metals Limited (formerly known as ARC Exploration Limited) (listed on the Australian Securities Exchange, stock symbol: CYM) from October 2013 to October 2016, and non-executive chairman of Shuka Minerals PLC (formerly known as Edenville Energy plc) (listed on the London Stock Exchange, stock symbol: EDL) from September 2016 to July 2022 and he served as a non-executive director of Copper Lake Resources Ltd. (listed on the TSX Venture Exchange and Frankfurt Stock Exchange, stock symbols: CPL and WOI, respectively) from July 2016 to June 2025.

Mr. CHAN Ngai Fan, aged 46, born in January 1980. He obtained a higher diploma in accountancy, a bachelor of arts degree in accountancy and a master of corporate governance degree from The Hong Kong Polytechnic University. He was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in February 2011 and is currently registered as a certified public accountant (practising). He was admitted to graduateship of The Institute of Chartered Secretaries & Administrators in December 2016 and was admitted as an associate of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) in November 2019. He was appointed as an independent non-executive Director of the Company in November 2023. He has also been serving as a joint company secretary of Centenary United Holdings Limited (listed on the Stock Exchange, stock code: 1959.HK) since January 2019, an independent non-executive director of Leader Education Limited (listed on the Stock Exchange, stock code: 1449.HK), Smart fish Wealthlink Holdings Limited (formerly known as Central Wealth Group Holdings Limited) (小魚盈通控股有限公司) (stock code: 139), Anhui Jinyan New Materials Co., Ltd (安徽金岩高嶺土新材料股份有限公司) (stock code: 2693), and Skymission Group Holdings Limited (天任集團控股有限公司) (stock code:1429) since July 2020, July 2024, October 2024 and March 2026 respectively, and company secretary of China Health Technology Group Holding Company Limited (中國健康科技集團控股有限公司) (listed on the Stock Exchange, stock code 1069.hk) and BlockFin Holdings Limited (formally known as Bison Finance Group Limited) (鏈信控股有限公司) (stock code: 888) since May 2022 and August 2022 respectively, and the company secretary of Zhengwei Group Holdings Company Limited (正味集團控股有限公司) (stock code: 2147) since June 2022 for handling compliance related matters. He has served as an assistant accountant of New Universe Holdings Limited and Oriental Resource Enterprises Limited from November 2004 to June 2006 and from June 2006 to July 2007 respectively, an assistant manager in assurance at JBPP & Company (formerly known as Grant-Thornton and later merged with BDO Limited) from August 2007 to February 2011, the financial controller of Naigai Mining (China) Company Limited* (內外礦業(中國)有限公司) and KPa-BM Holdings Limited (listed on the Stock Exchange, stock code: 2663.HK) from March 2011 to April 2015 and May 2015 to April 2018 respectively, an independent non-executive director of Sino Vision Worldwide Holdings Limited (formerly known as DX.com Holdings Limited) (listed on the Stock Exchange, stock code: 8086.HK) from August 2017 to September 2018, an executive director and the chief financial officer (April 2018 to January 2019), and a non-executive director (September 2016 to April 2018; and January 2019 to March 2019) of Shenzhen Mingwah Aohan High Technology Corporation Limited (listed on the Stock Exchange, stock code: 8301.HK), the company secretary of Sino Vision from January 2019 to May 2019, the chief financial officer and the company secretary of Heysea Yachts Holdings Company Limited from May 2019 to April 2020, an independent non-executive director of Sanxun Holdings Group Limited (listed on the Stock Exchange, stock code: 6611.HK) from September 2019 to September 2023, an independent non-executive director of Contel Technology Company Limited (listed on the Stock Exchange, stock code: 1912.HK) from March 2022 to 30 June 2023, and an independent non-executive director of Capital Finance Holdings Limited (首都金融控股有限公司) (stock code: 8239) from January 2022 to September 2025.

Directors, Supervisors and Senior Management Profile

Dr. ZENG Ming, aged 68, born in October 1957. He obtained a bachelor's degree in coal mining machinery from Chongqing University, a master's degree in mining machinery and a doctor of philosophy degree in mineral processing engineering from China University of Mining & Technology – Beijing. He qualified as a senior engineer in the PRC in August 1998. He was appointed as an independent non-executive Director of the Company in November 2023. He joined China University of Mining & Technology – Beijing as a faculty member in July 1988, and his final position was professor of mineral processing engineering. From February 1982 to August 1985, he has served as an assistant engineer of Bluestar Lehigh Engineering Institute Co., Ltd.* (中藍連海設計研究院有限公司) (formerly known as Chemical Mines Design and Research Institute of the Ministry of Chemical Industry* (化學工業部化工礦山設計研究院)).

Ms. LIU Li, aged 48, born in May 1977. She obtained a bachelor's degree in accounting from the Chongqing University of Technology (formerly known as Chongqing Industry College* (重慶工學院)), a Master's degree in international journalism from the City University of London and a Master's degree in business administration from the Hong Kong University of Science and Technology. She was admitted as a certified public accountant of the Chinese Institute of Certified Public Accountants in June 2008. She obtained the qualification certificate of secretary to the board of directors issued by the Shenzhen Stock Exchange in October 2016 and obtained the qualification certificate of board secretary from the National Equities Exchange and Quotations (NEEQ) in April 2017. She was appointed as an independent non-executive Director of the Company in November 2023, and she has also been serving as the chief operating officer of Chant Heat Energy Science & Technology (Zhongshan) Co., Ltd.* (長青熱能科技(中山)有限公司) since September 2023 and resigned in September 2025. From May 2008 to November 2012, she has served as the financial controller of Zhongguan Agricultural Holdings (Shenzhen) Co., Ltd.* (中冠農業控股(深圳)有限公司) formerly known as Huao Brothers Life Sciences Technology (Shenzhen) Co., Ltd.* (華奧兄弟生物科技(深圳)有限公司), the chief financial officer of Shenzhen Zhangzhong Information Technology Co., Ltd.* (深圳市掌眾信息技術有限公司), a subsidiary of Shenzhen Zhangzhong Intelligent Co., Ltd. (深圳掌眾智能科技股份有限公司) (listed on the NEEQ, stock code: 430217) from May 2016 to September 2020, and an executive director and general manager of Shenzhen Mao San Innovation Technology Co., Ltd.* (深圳市貓仁創新科技有限公司) from September 2022 to November 2023.

COMPANY SECRETARY

Mr. LO Cheuk Kwong Raymond, resigned as company secretary on 5 November 2025 and Mr Chu Hon Leung (“**Mr. Chu**”) was appointed as company secretary on the same date. Mr. Chu, aged 43, has been a practicing solicitor in Hong Kong since 2009 and is currently a partner of Li & Partners. Mr. Chu is currently a joint company secretary of two companies listed on the Stock Exchange, namely Shandong Chenming Paper Holdings Limited (stock code: 1812) and Fire Rock Holdings Limited (listed on the Stock Exchange, stock code: 1909.HK). He also served as a joint company secretary for Qinhuangdao Port Co., Ltd. (stock code: 3369.HK) from November 2023 to February 2025 and Hengxin Technology Ltd. (listed on the Stock Exchange, stock code: 1085.HK) from October 2011 to May 2012. Mr. Chu obtained his graduate diploma in law from The College of Law in London, United Kingdom and graduated from the City University of Hong Kong with the postgraduate certificate in laws.

Directors, Supervisors and Senior Management Profile

SENIOR MANAGEMENT

Mr. HUANG Yong, aged 68, was born in November 1957. He obtained a bachelor's degree in mining engineering from Central South University (formerly known as Central-South Institute of Mining and Metallurgy) and subsequently obtained a Diploma in Geostatistics from École Nationale Supérieure des Mines de Paris, France. He was also a recipient of China Nonferrous Metals Industry Science and Technology Award (中國有色金屬工業科學技術獎) in February 2006. He was qualified as a mineral resources/reserves appraiser in the PRC by the Ministry of Land and Resources of the PRC in December 2002 and a member of the Australasian Institute of Mining & Metallurgy since February 2012. He was also appointed as the vice-chairman and member of the Information Academic Committee (Second Session) (信息學術委員會(第二屆)) of the Nonferrous Metals Society of China in September 2000. He joined Majestic Gold as an on-site consultant at Yantai Zhongjia in December 2014, and he has been serving as the head of mine operations of the Company since August 2020. He has served as an engineer and deputy chief engineer of Dexing Copper Mine (德興銅礦), Jiangxi from January 1982 to November 1994 and from February 1996 to September 1998 respectively, deputy chief engineer at Jiangxi Copper Corporation Limited from October 1998 to February 2001, a professor at Jiangxi University of Science and Technology (formerly known as Southern Institute of Metallurgy* (南方冶金學院) from December 2002 to August 2007, and the principal consultant (mining) and the general manager of the Nanchang office of SRK Consulting China Ltd from December 2007 to November 2014.

Mr. ZHOU Shufeng, aged 43, born in September 1982. He obtained a diploma in highway and road engineering from Ludong University (魯東大學) (formerly known as Yantai Teachers College (煙台師範學院)). He joined Yantai Zhongjia as a safety officer on 1 June 2016 and was appointed as head of safety in May 2017. He was subsequently promoted to safety director and assistant general manager in July 2020 and the chairman of the board of Yantai Zhongjia, legal representative and general manager of Yantai Zhongjia in May 2021. From July 2005 to December 2007, he served as an on-site supervisor of Shandong Traffic Engineering Supervision Consultation Co., Ltd (山東省交通工程監理諮詢有限公司), a coordinator of Safety Production Supervision and Administration Bureau of Laishan District, Yantai City (煙台市萊山區安全生產監督管理局) from March 2008 to April 2012, and the assistant director of the product safety department of Yantai Jinma Mining Group Co., Ltd. (煙台金馬礦業集團有限公司) from April 2012 to April 2016.

* For identification purpose only

Report of the Directors

The Board hereby presents its report, together with the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Persistence Gold Group Ltd is an investment holding company incorporated in the Cayman Islands. The principal activities and other particulars of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group’s business, can be found in the section of “Management Discussion and Analysis” of this annual report. These discussions form part of the Report of the Directors. In addition, details of the Group’s financial risk management are disclosed in note 37 to the consolidated financial statements.

ENVIRONMENT PROTECTION AND PERFORMANCE AND KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is committed to environmental protection. Environmental policies have been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group’s businesses. The Group has also reviewed its environmental policies and performance from time to time in order to minimise the environmental impacts from our business operations.

The Group is committed to providing equal opportunities, a harmonious and diversified working environment to our employees.

The Group recognizes the accomplishment of the employees by providing competitive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. On 28 July 2025, the Company announced a hanging wall incident at the DGZ Mine of Yantai Mujin. A worker was injured by falling loose rock when carrying out risk elimination work and was confirmed dead after unsuccessful rescue. No strikes and cases of fatality due to workplace accidents were found during the Year other than the above-mentioned incident.

The Group encompasses working relationships with suppliers to meet our customers’ needs in an effective and efficient manner. The Group monitors its tendering and procurement process closely so that the entire process would be conducted in an open, fair and just manner. The Group maintains a list of approved suppliers (based on their prices, quality, past performance and capacity).

The Group values the views and opinions of all customers through various means and channels and the Group has maintained good relationship with its customers during the Year.

Report of the Directors

During the year, there was no material dispute or argument between the Group and its employees, suppliers and customers.

Further discussion and review on the environmental policies, key relationships with employees, customers and suppliers as required by Schedule 5 to the Companies Ordinance, can be found in the section of “Environmental, Social and Governance Report” of this annual report. This discussion forms part of this Report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to commit to complying with the relevant laws and regulations, such as the Companies Act (as revised) of the Cayman Islands, the Companies Ordinance, the Securities and Futures Ordinance (Cap. 571) (“**SFO**”), the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and other relevant laws and regulations. So far as the Board is concerned, there were no material breaches of or non-compliance with the relevant rules and regulations by our Group that have significant impacts on the business and operations of our Group.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section of “Corporate Governance Report” of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group’s financial position as at 31 December 2025 are set out in the consolidated financial statements on pages 128 to 135.

The Board does not recommend the payment of a final dividend to the Shareholders for the year ended 31 December 2025. For details of our dividend policy, please refer to page 70 and 71 of this report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the Prospectus and the published audited consolidated financial statements, is set out on page 4 of this annual report. This financial summary does not form part of the audited consolidated financial statements.

Report of the Directors

DONATION

The Group has not made any donation for the year ended 31 December 2025 (2024: RMB50,000).

BANK BORROWINGS

Details of bank borrowings of the Company and the Group are set out in note 25 to the consolidated financial statements of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's authorised or issued share capital during the year are set out in note 27 to the consolidated financial statements.

SHARE OPTIONS

SHARE OPTION SCHEME

The share option scheme of the Company (the **"Share Option Scheme"**) was conditionally adopted on 30 November 2023 and shall be valid until 30 November 2033. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The purpose of the Share Option Scheme

The Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are or will be beneficial to the Group.

Report of the Directors

Who may join

The Board may, at its discretion, invite any person belonging to any of the following classes of persons (the “**Eligible Participants**”) to take up options to subscribe for Shares:

- (i) any directors, employees, executives or officers of our Company or any of our subsidiaries, including persons who are granted Options as an inducement to enter into employment contracts with our Company or any of our Subsidiaries (the “**Employee Participants**”);
- (ii) any directors or employees of the holding companies, fellow subsidiaries or associated companies of our Company (the “**Related Entity Participants**”);
- (iii) any persons who provide services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of our Group including advisers, consultants, suppliers and agents to our Group (the “**Service Provider Participants**”), but excluding placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, professional services providers such as auditors and valuers who provide assurance, or are required to perform their services with impartiality or objectivity; and
- (iv) an associate of any of the persons referred to in paragraphs (i) or (ii) above.

The eligibility of any of the above categories of Eligible Participants to the grant of any option shall be determined by our Board from time to time on the basis of the Board’s sole opinion as to the relevant Eligible Participant’s contribution to the development and growth of our Group, the assessment of which are:

- (i) contribution to the development and performance of our Group;
- (ii) quality of work performed for our Group;
- (iii) initiative and commitment in performing his/her duties; and
- (iv) length of service or contribution to our Group.

Report of the Directors

Maximum number of shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, being 200,000,000 Shares (the “**Scheme Limit**”), excluding Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company) for the purpose of calculating the Scheme Limit and, if applicable, the service provider sublimit (as defined in the Listing Rules) which shall be set within the Scheme Limit.

Maximum entitlement of shares of each Qualified Participant

Where any grant of options to an Eligible Participant would result in the Shares issued and to be issued in respect of all Options granted to such Eligible Participant (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue as at the date of such grant,

such grant shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such Eligible Participant), and such details and information as required under the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or associates if such Eligible Participant is a connected person of our Company) (as defined in the Listing Rules) abstaining from voting.

Report of the Directors

Time of exercise of an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. Subject to any vesting period applicable to share options as determined by the Board, the Share Option Scheme does not provide for a minimum period for which an option must be held before it can be exercised.

Basis of determining the exercise price of an option

The exercise price of the share options per Share shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the business day on which the share options are granted;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date on which the share options are granted; and
- (iii) the nominal value of the Shares.

Present status of the Share Option Scheme

On 11 July 2025, the Company granted a total of 21,000,000 options (the "**Option(s)**") to certain Directors and Employee Participants in accordance with the terms of the Share Option Scheme (subject to acceptance by the grantees (the "**Grantee(s)**") to subscribe for up to 21,000,000 Shares, representing approximately 1.05% of the total Shares in issue (excluding any treasury Shares).

Save for the Options under the Share Option Scheme, the Company did not have any outstanding share options exercisable under any share option scheme during the year ended 31 December 2025.

As at 31 December 2025, among the total of 21,000,000 Options granted to the Grantees, 14,020,000 Options were granted to the Directors (the "**Director Grantees**"). The remaining 6,980,000 Options were granted to the employees of the Group, but not Directors, chief executive nor substantial shareholders of the Company, or their respective associates (as defined in the Listing Rules) (the "**Employee Grantees**").

Report of the Directors

Details of movements of Options granted and outstanding under the Share Option Scheme during the year ended 31 December 2025 are as follows:

Name of director	Number of Options granted			31 December 2025	Vesting period	Performance target
	Unvested as at 1 January 2025	Granted during the year	Lapsed/ forfeited during the year			
Director Grantees						
Dr. Shao Xuxin	–	3,320,000	Note 4	3,320,000	Note 6	Note 7
Mr. Mackie James Thomas	–	2,480,000	Note 4	2,480,000	Note 6	Note 7
Mr. Lo Cheuk Kwong Raymond	–	3,020,000	Note 4	3,020,000	Note 6	Note 7
Mr. Chen Li Bei	–	1,000,000	Note 4	1,000,000	Note 6	Note 7
Dr. Malaihollo Jeffrey Francis A	–	1,500,000	Note 4	1,500,000	Note 6	Note 7
Mr. Chan Ngai Fan	–	900,000	Note 4	900,000	Note 6	Note 7
Dr. Zeng Ming	–	900,000	Note 4	900,000	Note 6	Note 7
Ms. Liu Li	–	900,000	Note 4	900,000	Note 6	Note 7
Employee Grantees						
Employees		6,980,000	Note 8	6,980,000	Note 6	Note 7
Grand Total		21,000,000				

Notes:

1. The closing price of the Shares immediately before the date on which the Options were granted on 11 July 2025 was HK\$1.47 per Share.
2. The exercise price of the Options granted was HK\$1.50 per share.
3. The fair value of the Options granted on 11 July 2025 was HK\$0.75 per Share on the date of grant.
4. No Options granted to the Director Grantees were lapsed or forfeited during the year ended 31 December 2025.
5. For options granted with exercisable date determined based on the grant date of options, the first 40% of the total options shall be vested and become exercisable 1 year after the grant date, and each 30% of the total options will be vested and become exercisable in each subsequent year. The Options vested may be exercised by the grantees at any time until the expiry of 10 years from the date of grant. Further details regarding the Share Option Scheme are set out in note 24 to the consolidated financial statements.
6. No Options were vested during the year ended 31 December 2025.
7. All of the grants made during the year ended 31 December 2025 were made without any performance targets.
8. No Options granted to the Employee Grantees were lapsed, forfeited or cancelled during the year ended 31 December 2025.

Report of the Directors

The Options shall expire on 11 July 2035, subject to early termination in accordance with the scheme rules (i.e. the remaining life of the scheme as at the date of this annual report approximately 9 years and 3 months).

As at 1 January 2025, the number of shares available for grant under the Share Option Scheme was 200,000,000. After the above grant of options and as at 31 December 2025, the number of Shares available for future grants under the scheme mandate Limit of the Share Option Scheme is 179,000,000. As at the date of this report, the total number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of shares of the Company (excluding treasury shares) for the year is 1%.

Details of the grant are set out in the Company's announcements dated 11 July 2025.

PRE-EMPTIVE RIGHTS

There is no provision or regulation for pre-emptive rights under the Company's articles of association or the Companies Act (as revised) of the Cayman Islands which requires the Company to issue new shares to the existing shareholders according to their respective proportions of shareholding.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

For the year ended 31 December 2025, the Company did not issue any convertible securities, options, warrants or similar rights except for the 21,000,000 share options as granted by the Company to certain Directors and Employee Participants on 11 July 2025 as stated on page 37 of this Annual Report.

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

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Report of the Directors

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2025, calculated under the Companies Act (as revised) of the Cayman Islands, amounted to approximately RMB952,095,000 (2024: approximately RMB520,391,000). The increase in distributable reserves was mainly due to the increase in share premium arising out of the placing of new shares in October 2025. The share premium account of the Company is available for distribution or paying dividends to the Shareholders subject to the provisions of the Articles and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts immediately as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue from the largest customer of the Group accounted for 100% of the Group's total revenue during the year ended 31 December 2025. The aggregate purchases from the five largest suppliers and subcontractors of the Group accounted for approximately 49.9% and 21.1% of the Group's total purchases during the year ended 31 December 2025 respectively. The purchases from the largest supplier and subcontractor of the Group accounted for approximately 31.8% and 9.5% of the Group's total purchases during the year ended 31 December 2025 respectively.

None of the Directors, their close associates or any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the shares of the Company) had any interests in the five largest customers or suppliers of the Group.

Report of the Directors

DIRECTORS

During the financial year and as at the date of this annual report, the Company's Directors are listed as follows:

EXECUTIVE DIRECTORS

Dr. Shao Xuxin (*Chairman and Chief Executive Officer*)
Mr. Mackie James Thomas
Mr. Lo Cheuk Kwong Raymond (resigned on 5 November 2025)
Mr. Chen Shaohui (resigned on 4 February 2025)
Mr. Chen Zhuping (appointed on 12 January 2026)

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Malaihollo Jeffrey Francis A
Mr. Chan Ngai Fan
Dr. Zeng Ming
Ms. Liu Li

In accordance with Article 26.4, Mr. Mackie James Thomas, Mr. Chen Libei, and Dr. Zeng Ming, will retire from office by rotation at the forthcoming annual general meeting. Being eligible, each of them will offer himself for re-election as an executive Director or an independent non-executive Director (as the case may be) at the forthcoming annual general meeting.

The Company received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all of its independent non-executive Directors to be independent in accordance with the guidelines as set out under the Listing Rules.

Report of the Directors

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

- (1) Mr. Chen Shaohui resigned as an executive Director of the Company with effect from 4 February 2025.
- (2) Mr. Lo Cheuk Kwong Raymond resigned as an executive Director, company secretary and authorised representative of the Company with effect from 5 November 2025.
- (3) Mr. Chen Zhuping was appointed as an executive Director of the Company with effect from 12 January 2026. For details of his appointment, please refer to announcement dated 12 January 2026.

Save as disclosed above, the Company is not aware of any change in the information of the Directors, supervisors or chief executives of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the Company's last published annual report and up to the date of this report.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical information of the Directors and senior management of the Company are set out in the section of "Directors, Supervisors and Senior Management Profile" of this annual report.

SERVICE CONTRACTS OF THE DIRECTORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company, for a term of three years.

Neither the Directors have a service contract with the Company with a term specifying that if the Company terminates the contract within one year, the Company has to make compensation in addition to statutory compensation.

Report of the Directors

DIRECTORS' REMUNERATION

The Board will seek Shareholders' authorisation at the general meetings to fix the Directors' remuneration. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration of the Directors for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements.

REMUNERATION POLICY OF THE GROUP AND NUMBER OF EMPLOYEES

It is the Company's policy that the remuneration is linked to the Company's results and performance of employees. The Company's human resources department formulates appraisal benchmarks for different businesses and professions and assesses an employee's remuneration according to his/her performance. Studies are being made to the scale of management positions and technical positions in the salary distribution system to enhance the salary increment and promotion ladder. We encourage professional and technical personnel to be dedicated to their own jobs and improve professional and technical skills, so as to create integration between job value and distribution of remuneration. The Company also presents diversified development paths to its staff in order to increase their initiative and creativity.

As of 31 December 2025, the Company had a total of 933 employees. During the Year, the total training hours of employees were 2,112 hours. For details, please refer to the section of "Environmental, Social and Governance Report" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2025 and up to the date of this annual report.

Report of the Directors

PERMITTED INDEMNITY

Under the Articles, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors throughout the year and as at the date of approval of this Report of the Directors, pursuant to which the Company shall indemnify any Director against any liability, loss suffered and expenses incurred by the Director in connection with any legal proceedings in which he is involved by reason of being a Director, and in which the judgement is given in his favour or in which he is acquitted. The Company has maintained insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers arising out of corporate activities.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section of "Related Party Transactions" in note 34 to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party for the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2025, none of the Directors or any of their respective associates was engaged or had any interests in a business that competes with or may compete with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests or short position of the Directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO required to be notified to the Company and the Main Board of the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO) (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), were as follows:

Report of the Directors

(A) LONG POSITIONS IN SHARES OF THE COMPANY

Name of Directors/ Senior Management	Personal interests (held as beneficiary) ¹	Family interests (interests of spouse)	Total	% of issued voting share as at 31 December 2025
Dr. Shao Xuxin (Chairman and Executive Director)	3,320,000	–	3,320,000	0.14%
Mr. Mackie James Thomas (Executive Director)	2,480,000	–	2,480,000	0.10%
Mr. Chen Li Bei (non-executive director)	1,000,000	10,180,000	11,180,000	0.47%
Dr. Malaihollo Jeffrey Francis A (independent non-executive Director)	1,500,000	–	1,500,000	0.06%
Mr. Chan Ngai Fan (independent non-executive Director)	900,000	–	900,000	0.04%
Dr. Zeng Ming (independent non-executive Director)	900,000	–	900,000	0.04%
Ms. Liu Li (independent non-executive Director)	900,000	–	900,000	0.04%
Mr. Lo Cheuk Kwong Raymond (chief financial officer)	3,020,000	–	3,020,000	0.13%

1. The personal interests held as beneficial owner as disclosed above represent rights arising from unexercised share options granted to the respective directors on 11 July 2025 under the terms of the Company's share option scheme.

Report of the Directors

(B) LONG POSITIONS IN SHARES AND UNDERLYING SHARES HELD UNDER EQUITY DERIVATIVES OF MAJESTIC GOLD CORP.¹

Name of Directors	Number of shares held			Number of underlying shares held under equity derivatives ²	Total	% of issued voting shares as at 31 December 2025
	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Sub-total			

Dr. Shao Xuxin (Chairman and Chief Executive Officer)	-	-	-	4,000,000	4,000,000	0.38%
Mr. Mackie James Thomas (Executive Director)	720,000	-	720,000	3,700,000	4,420,000	0.42%

1. Majestic Gold Corp. (formerly known as (i) Byron Resources Inc. from 30 October 1986 to 2 September 1992 and (ii) Select Ventures Inc. from 3 September 1992 to 2 December 1996) is a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares on 30 October 1986 and listed on the TSX Venture Exchange (stock code: MJS.V). Majestic Gold Corp. is considered as the ultimate holding company of the Group.
2. These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Majestic Gold Corp. under its share option scheme. Details of these share options and their movements during the period ended 31 December 2025 were as follows:

Name of Director	Date of grant	Number of share options			Balance as at 1 January 2025	Granted during the reporting period	Exercised during the reporting period	Cancelled/ Lapsed during the reporting period	Balance as at 31 December 2025
		Exercise price per share (CAD)	Exercise period						
Dr. Shao Xuxin (Chairman and Chief Executive Officer)	30 June 2025	0.15	30 June 2025 to 29 June 2030	-	4,000,000	-	-	-	4,000,000
Mr. Mackie James Thomas (Executive Director)	30 June 2025	0.15	30 June 2025 to 29 June 2030	-	3,700,000	-	-	-	3,700,000

The above option is 100% vested immediately at date of grant subject to four-month hold from date of grant.

Report of the Directors

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 December 2025, other than those disclosed above in respect of the interests and short positions of the Directors and chief executive of the Company, the following interests and short positions of 5% or more of the Shares and underlying Shares of the Company were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares held	Position	Approximate percentage of shareholding in the issued share capital of the Company
Majestic Gold Corp. ¹	Beneficial owner	1,410,000,000	Long	58.750%
Dongfang Gold Industry (Hong Kong) Limited ²	Beneficial owner	198,000,000	Long	8.25%

Notes:

1. Majestic Gold Corp. (formerly known as (i) Byron Resources Inc. from 30 October 1986 to 2 September 1992 and (ii) Select Ventures Inc. from 3 September 1992 to 2 December 1996) is a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares on 30 October 1986 and listed on the TSX Venture Exchange (stock code: MJS.V).
2. Dongfang Gold Industry (Hong Kong) Limited, a third party independent of the Group, is a limited private company incorporated under the laws of Hong Kong with limited liability on 8 February 2022 and a wholly-owned subsidiary of 山東招金集團招遠黃金冶煉有限公司 (Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.*).

Save as disclosed above, as at 31 December 2025, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company.

Report of the Directors

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS

At no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group for the year ended 31 December 2025 are set out in note 34 to the consolidated financial statements, and none of them constitutes a connected transaction or a continuing connected transaction as required to be disclosed under the Listing Rules.

For the year ended 31 December 2025, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable) for the year ended 31 December 2025.

UNDERTAKINGS AND STATEMENTS UNDER THE DEED OF NON-COMPETITION

The Company and Majestic Gold Corp. entered into a deed of non-competition on 30 November 2023, pursuant to which the independent non-executive Directors of the Company are required to review on an annual basis, (a) whether Majestic Gold Corp. has complied with their non-competition undertakings; and (b) all the decisions taken in relation to whether to exercise the option under this deed of non-competition and whether to pursue any competing business opportunity or other business opportunities which may be referred or offered to the Company by Majestic Gold Corp. or its associates (other than members of the Group) under this Deed. In addition, Majestic Gold Corp. has also undertaken to the Company to provide a written confirmation in respect of their compliance for incorporation in the annual report of the Company.

The independent non-executive Directors have reviewed whether Majestic Gold Corp. has complied with their undertakings under the Non-competition Agreement in respect of its existing or future competing businesses. The independent non-executive Directors are of the view that Majestic Gold Corp. has complied with those undertakings.

Report of the Directors

The Company has also received a statement under the Non-competition Agreement from Majestic Gold Corp. on 9 January 2026, which stated that Majestic Gold Corp., as the controlling Shareholder of the Company, has complied with their undertakings under the Non-competition Agreement dated 30 November 2023 for the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended 31 December 2025.

OVERVIEW OF SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As disclosed in the Company's announcement dated 24 February 2025, the Group completed an acquisition during the year ended 31 December 2025 in relation to Yantai Mujin. Upon the completion of the acquisition, the Company, through PRG Res HK 2 Limited and Majestic Yantai Gold Ltd., holds approximately 52.0% of the equity interest in Yantai Mujin and has become its controlling shareholder. Yantai Mujin has therefore become a non-wholly-owned subsidiary of the Company, and its financial results have been consolidated into the financial statements of the Group.

Reference is made to the announcement (the **"February 2026 Announcement"**) of the Company dated 10 February 2026. As stated in the February 2026 Announcement, to advance the Company's intended use of the net proceeds from the previous placing for potential gold mine project acquisitions, the Board wishes to announce that the Group continues to assess additional property acquisition and joint venture opportunities. Representatives of the Group attended in February 2026 in South Africa the Mining Indaba and 121 Mining Investment Conferences, where they engaged with potential partners and other mining companies.

Save as above, the Group did not have other plans for material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCE OF FUNDING

Save as disclosed in the Prospectus and this report, the Group had no future plans for material investments or capital assets as at 31 December 2025. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Report of the Directors

DETAILS OF SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

Due to a serious accident at a third-party mine in Zhaoyuan City, Yantai on 7 February 2026, Yantai Zhongjia and Yantai Mujin were required to suspend production immediately. Production resumed in March 2026 upon receipt of the official notice. Details are set out in the “Management Discussion and Analysis” section of this annual report on page 22. Save as disclosed above and under the heading “OVERVIEW OF SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES”, there were no significant events affecting the listed issuer and its subsidiaries which have occurred since the end of the Year.

LITIGATION AND ARBITRATION

During the Year, the Company and the Group have not been involved in any material litigation or arbitration. As far as the Directors are aware, the Company does not have any material litigation or arbitration pending or threatened against the Company which may adversely affect the Company’s operating results and financial conditions.

AUDIT COMMITTEE

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 Group’s audited consolidated financial statements for the Year which have been agreed by the Company’s auditor, and is of the view that the Group’s audited consolidated financial statements for the Year are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed the annual results for the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the Year (“**2025 AGM**”) will be held on 26 June 2026. A notice convening the 2025 AGM together with the circular of the Company will be published on the Company’s website at www.persistencegold.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.

Report of the Directors

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the shareholders who are entitled to attend the 2025 AGM, the register of members will be closed from 23 June 2026 to 26 June 2026, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2025 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 22 June 2026.

References to time and dates in this annual report are to Hong Kong time and dates.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, who will retire at the 2025 AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the 2025 AGM.

By the order of the Board

Shao Xuxin

Chairman

31 March 2026

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is highly committed to achieving a high standard of corporate governance and striving to maintain the management practices in a transparent and responsible way. The Board reviews and improves the Group's corporate governance practices and business ethics on an ongoing basis. Since the Listing Date and up to the date of this report, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the **"CG Code"**) in Appendix C1 to the Listing Rules on the Stock Exchange except for the deviation mentioned in the section of "CHAIRMAN AND CHIEF EXECUTIVE OFFICER".

SECURITIES TRANSACTION OF DIRECTORS

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.

During the year ended 31 December 2025, there was an incident of breach with the Model Code, whereby between 1 and 12 September 2025, the spouse of Mr. Chen Libei disposed of a total of 8,000,000 shares of the Company (the **"Dealings"**) and Mr. Chen was deemed to be interested in the shares held by his spouse (the **"Non-compliance Incident"**).

Pursuant to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director designated by the board for the specific purpose and receiving a dated written acknowledgement. In each case, the clearance to deal is valid for no longer than five business days from the date clearance is received.

Prior to the Dealings, on 21 July 2025, Mr. Chen had obtained written clearance from the chairman of the Board, Dr. Shao Xuxin, for prior approval for the Dealings during the period from 1 to 30 September 2025. Dr. Shao Xuxin acknowledged and approved the Dealings in writing. However, the clearance applied by Mr. Chen and granted by the Chairman for the Dealings exceeded the five business days' validity requirements under Rule B.8(b) of the Model Code. As the clearance obtained on 21 July 2025 remained purportedly valid until 30 September 2025, the Dealings carried out between 1 and 12 September 2025 were not covered by a valid clearance within the meaning of Rule B.8(b). The Dealings therefore constituted a non-compliance incident of Rule B.8(b) of the Model Code.

The Non-compliance Incident occurred due to an unintended design flaw in the internal notification form and inadvertent oversight by the management team in observing Rule B.8(b) of the Model Code.

Corporate Governance Report

To prevent similar non compliance in the future, the Company has taken steps to enhance its internal control. On 2 October 2025, the Company has revised the design of the internal notification form to ensure full compliance with the Model Code. The internal notification form will be required to be reviewed by the Company's secretary and legal counsel prior to submission to the Chairman for his final review and approval. In addition, the Company has organized regular training to the directors, senior management and staff of the Company to keep them abreast of the relevant requirements of the Model Code.

Save as disclosed above, all the Directors confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2025.

THE BOARD

RESPONSIBILITIES

The Board is responsible for the Group's corporate policy formulation, business strategic planning, business development, risk management, material acquisitions and disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management, such as the preparation of annual and interim accounts for the Board's final approval before its publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. The Board has also delegated to the relevant senior management the authority and responsibility for the day-to-day management and operation of the Group with clear directions as to their powers in particular with respect to the circumstances under which they should report back to the Board before making certain key decisions on behalf of the Company. The Board reviews the existing arrangements periodically to ensure that they remain appropriate to the Company's needs.

The Board also has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The Board is also responsible for performing corporate governance duties of the Group and will assign relevant functions to other board committees, namely the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the audit committee (the "**Audit Committee**"), the ESG committee (the "**ESG Committee**") and the Risk Management committee (the "**Risk Management Committee**") collectively, the "**Board Committees**") as and when appropriate.

Corporate Governance Report

Every Director is entitled to have access to Board papers and related materials, and the advice and services provided by the company secretary (the “**Company Secretary**”) of the Company, and has the liberty to seek independent professional advice at the Company’s expense if so reasonably required. The Directors will be continuously provided by the updates on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Company has arranged for appropriate insurance cover for Directors’ and officers’ liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

COMPOSITION

As at the date of this annual report, the Board comprises eight members, consisting of three executive Directors, one non-executive and four independent non-executive Directors. During the year ended 31 December 2025, one executive director resigned on 6 February 2025 and another executive director resigned on 5 November 2025. Details of the composition of the Board and biographies of the Directors are set out on page 2 of this annual report in the section of “Corporate Information” and on pages 25 to 29 of this annual report in the section of “Directors, Supervisors And Senior Management Profile” respectively. An updated list of the Directors with their respective roles and functions is available on the Stock Exchange’s website and the Company’s website at www.persistencegold.com. Independent non-executive Directors are identified in all corporate communications that disclose the names of the Directors.

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a term of three years commencing from the date of appointment subject to termination as provided therein.

The Board possesses the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group which brings a good balance of relevant skills and experience to the Company. The Company has established mechanisms whereby independent non-executive Directors can express their views in an open and candid manner and provide their independent professional judgments on the assessment of the development, performance and risk management of the Group. These include dedicated meeting sessions with the Chairman and interaction with management and other Board members outside the boardroom. The Board will review the implementation and effectiveness of the abovementioned mechanisms on an annual basis to ensure that independent views and input are available to the Board.

Corporate Governance Report

BOARD MEETINGS AND ATTENDANCE

The attendance of individual members of the Board at various meetings for the year ended 31 December 2025, as well as the number of such meetings held, are set out below:

Name of Director	Number of meetings attended/held						Annual General Meeting
	Board meeting	Audit	Nomination	Remuneration	ESG	Risk	
		Committee Meeting	Committee Meeting	Committee Meeting	Committee Meeting	Committee Meeting	
Executive Directors							
Shao Xuxin ¹	8	N/A	1	2	N/A	N/A	1
Mackie James Thomas	7	N/A	N/A	N/A	N/A	N/A	1
Lo Cheuk Kwong Raymond ² (resigned on 5 November 2025)	6	N/A	N/A	N/A	N/A	N/A	1
Chen Shaohui (resigned on 4 February 2025)	0	N/A	N/A	N/A	N/A	N/A	0
Non-Executive Director							
Chen Libei	7	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors							
Malaihollo Jeffrey Francis A	8	4	1	2	N/A	N/A	1
Chan Ngai Fan ³	8	4	1	2	2	2	1
Zeng Ming ⁴	8	4	1	2	2	2	1
Liu Li	8	N/A	N/A	N/A	2	2	1

1. Chairman of the Board and chief executive officer of the Company; chairman of Nomination Committee.
2. Company secretary of the Company.
3. Chairman of the Audit Committee and Risk Management Committee.
4. Chairman of the Remuneration Committee and ESG Committee.

Corporate Governance Report

The Board or committee members circulate the relevant information provided by the senior management, which sets out the matters that require to be decided by the Board and the report concerning the Group's operation and financial performance prior to each Board meeting. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Draft agenda of each Board meeting is sent to the Directors in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting, and the chairman of the Board approves the final agenda before each Board meeting. Notice of regular Board meetings is served to all the Directors at least 14 days before the meetings. For other Board meetings and committee meetings, reasonable notice is generally given.

In respect of regular Board meetings or committee meetings and so far as practicable in all other cases, meeting papers are distributed to Directors or committee members at least three days before the respective meetings to allow them to have sufficient time to review the relevant documents and prepare for the meetings. Senior management shall be responsible for preparing the documents of the Board and committees and submitting reports upon request from time to time. The Board and each Director also have separate and independent access to the senior management where necessary.

Whenever a substantial Shareholder or a Director has a conflict of interests which is considered by the Board as material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

Relevant senior management would attend regular Board meetings and where necessary, other Board meetings and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

RELATIONSHIP

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relationships) between each other.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at 31 December 2025, the Board consisted of four independent non-executive Directors, accounting for approximately 57.1% of the total number of the Board members. Independent non-executive Directors include Dr. Malaihollo Jeffrey Francis A, Mr. Chan Ngai Fan, Dr. Zeng Ming and Ms. Liu Li. The Company complied with Rules 3.10(1) and (2), and Rule 3.10A of the Listing Rules for the year ended 31 December 2025.

Pursuant to the requirements of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with the articles of association of the Company (the “**Articles**”), all the Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by the Shareholders at the first annual general meeting after appointment. Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the Shareholders.

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles. The Nomination Committee is responsible for reviewing the Board’s composition, structure and size, developing and formulating the relevant procedures for nomination and appointment of the Directors, monitoring the appointment and succession planning of the Directors and assessing the independence of independent non-executive Directors.

DIRECTORS’ INDUCTION AND DEVELOPMENT

For the year ended 31 December 2025, all the Directors participated in seminars and/or read materials and updates according to their own preferences to develop and refresh their knowledge, skills and understanding of the Group and its business or as continuing professional training to update their skills and knowledge on the latest development or changes in the relevant regulations, the Listing Rules and corporate governance practices, for corporate governance and compliance purposes.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors’ training. For the year ended 31 December 2025, all Directors have participated in continuous professional development by attending seminars, in-house briefing and training, reading materials to develop and refresh their knowledge and skills.

Corporate Governance Report

Name of Director	Type of continuous professional development	
	Attending seminars, conferences, workshops and in-house briefings and training	Reading materials and updates
Executive Directors		
Dr. Shao Xuxin	✓	✓
Mr. Mackie James Thomas	✓	✓
Mr. Lo Cheuk Kwong Raymond (resigned on 5 November 2025)	✓	✓
Mr. Chen Shaohui (resigned on 4 February 2025)	✓	✓
Non-Executive Director		
Mr. Chen Libei	✓	✓
Independent non-executive Directors		
Dr. Malaihollo Jeffrey Francis A	✓	✓
Mr. Chan Ngai Fan	✓	✓
Dr. Zeng Ming	✓	✓
Ms. Liu Li	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year ended 31 December 2025, under code provision C.2.1 of the CG Code, the roles of the chairman of the Board (the “**Chairman**”) and chief executive officer of the Company (the “**CEO**”) should be separated and should not be performed by the same individual. However, the roles of the chairman and chief executive officer of the Group are not being separated pursuant to the requirement under the code provision C.2.1 of the CG Code. Dr. Shao Xuxin (“**Dr. Shao**”) is the Chairman and also the CEO and is responsible for overseeing the operations of the Group during such period. 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.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Company has adopted a Board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company is committed to having a Board with appropriate balance of expertise, skills, experience and diversity of perspectives.

The Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience.

The Board sets measurable objectives to implement the Board Diversity Policy and reviews such objectives from time to time. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

The Company values gender diversity. As at the date of this annual report, the Board has one female independent non-executive Director out of eight Directors. The Board is committed to improving gender diversity as and when suitable candidates are identified and shall continue to maintain at least one female Director on the Board. The Company is of the view that gender diversity in respect of the Board has been achieved.

To further enhance gender diversity, the Board and the Nomination Committee will stay vigilant in identifying a pipeline of potential successors to the Board. The Group constantly implement recruitment and promotion policies which encourage and attract qualified incumbents to take up senior managerial and Board roles. The Company will continue to embrace gender diversity when making future Board appointments but no specific targets or timelines to further enhance gender diversity have been set as it is of the view that all aspects of diversity should be considered as a whole in the selection of suitable candidates for appointment to the Board.

Traditionally, the mining industry has been short of females, however, the Group still managed to attract female talents and maintained a workforce (including senior management) of which approximately 88% were male and approximately 12% were female as at 31 December 2025. Although the senior management members are all male, the Company does recognize the value of gender diversity to promote a diverse and inclusive working environment and shall explore in leveraging more channels to increase the female proportion in its workforce in the future. While the Group welcomes increased female representation at all levels, it does not consider appropriate to set any specific gender target for its entire workforce. Being an equal opportunity employer, the Group also considers other relevant factors in making its decision on fitting the right person to the right position.

The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting review of the composition of the Board at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation on any Board appointments.

At present, the Nomination Committee considered that the diversity of the Board is sufficient.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Report

BOARD COMMITTEES

The Board has established Board Committees to oversee specific aspects of the Company's affairs and help it in the execution of its responsibilities. Specific written terms of reference of these committees clearly outline each committee's authority and duty.

Each committee is required to report back on its decisions or recommendations to the Board on a timely basis, unless there are any legal or regulatory restrictions imposed on it.

AUDIT COMMITTEE

The Audit Committee is mainly responsible for (a) maintaining the relationship with the Company's auditor; (b) reviewing the Company's financial information; (c) reviewing the effectiveness of the Company's financial reporting process, risk management and internal control systems; and (d) reviewing the relationships with the employees of the Group. The full version of the terms of reference of the Audit Committee is available on the Stock Exchange's website and the Company's website at www.persistencegold.com. The terms of reference of the Audit Committee was adopted on 30 November 2023.

Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee comprises of three independent non-executive Directors, including Mr. Chan Ngai Fan (chairman of the Audit Committee), Dr. Malaihollo Jeffrey Francis A, and Dr. Zeng Ming. Mr. Chan Ngai Fan (chairman of the Audit Committee) possesses the appropriate professional qualifications or accounting or related financial management expertise as required.

SUMMARY OF WORK OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2025

As mentioned in the section of "THE BOARD – Board Meetings and Attendance", four Board committee meetings were held during the year. The Audit Committee's major work during the year 2025 includes (1) reviewing the 2024 annual report, including the Corporate Governance Report, the Directors' Report and the financial statements, as well as the related results announcement and the ESG Report; (2) reviewing the 2025 interim report and interim results announcement; (3) reviewing the 2025 first and third quarters results announcements; (4) reviewing the status of compliance with the CG Code, the Listing Rules and relevant laws by the Company; (5) reviewing the dividend policy of the Company; (6) in relation to the external auditor, reviewing their plans, reports and management letter, fees, and their terms of engagement; (7) reviewing the plans (including those for 2025), resources and work of the Company's internal auditors; (8) reviewing the effectiveness of the Company's financial reporting system, the system of internal controls in operation, risk management system and associated procedures within the Company; and (9) reviewing the share option scheme in July 2025.

Corporate Governance Report

NOMINATION COMMITTEE

The Nomination Committee is mainly responsible for (a) reviewing the structure, size and composition (including the skills, knowledge and experience required) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identifying individuals suitably qualified to become the Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) implementing and reviewing the Board Diversity Policy, making any recommendations on it to the Board and monitoring its achievements annually; (d) making recommendations to the Board on the appointment or reappointment of the Directors, and succession planning for Directors in particular the chairman of the Board and the chief executive of the Company; and (e) assessing the independence of the independent non-executive Directors and any proposed independent non-executive Directors. The full version of the terms of reference of the Nomination Committee is available on the Stock Exchange's website and the Company's website at www.persistencegold.com. The terms of reference of the Nomination Committee was adopted on 30 November 2023.

The Nomination Committee comprises a majority of independent non-executive Directors, including Dr. Shao Xuxin (executive Director and chairman of the Nomination Committee), Dr. Malaihollo Jeffrey Francis A, Mr. Chan Ngai Fan and Dr. Zeng Ming.

DIRECTOR NOMINATION POLICY

The Company has adopted a Director nomination policy (the "**Director Nomination Policy**") for the Nomination Committee to identify and evaluate a suitable candidate for nomination to (i) the Board for appointment; or (ii) the Shareholders for election, as Directors, at general meetings.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee shall adopt the Director Nomination Policy, which sets out a number of factors in making nomination, including but not limited to the following:

- Skills, experience and professional expertise which are relevant to the operations of the Group;
- Diversity in all aspects as set out in the Board Diversity Policy;
- Commitment in respect of sufficient time and participation to discharge duties as a member of the Board and/or Board Committee(s);
- Character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and
- Requirements of independence of the proposed independent non-executive Directors in accordance with the Listing Rules.

Corporate Governance Report

Upon the Nomination Committee's recommendation, the Board will review and if appropriate, approve the nomination of such Director for re-election at the forthcoming annual general meeting. The Nomination Committee will also review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

SUMMARY OF WORK OF THE NOMINATION COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2025

During 2025 and up to the date of this annual report, the Nomination Committee has (i) reviewed the structure, size and composition of the Board and the succession plan for Directors; (ii) assisting the Board in maintain a Board skills matrix; and (iii) reviewed the board diversity policy and the board nomination policy.

The Nomination Committee has also reviewed and assessed each Director's time commitment and contribution to the Board during 2025, as well as his/her ability to discharge his/her responsibilities. Based on an assessment of (a) each Director's skills, experience and professional qualifications; (b) each Director's role and positions held with members of the Group, together with his/her external directorships or offices in other companies or organizations and/or other significant external time commitments; and (c) each Director's attendance record at Board and Board committee meetings during 2025, the Nomination Committee considered that each Director has devoted sufficient time and attention to the affairs of the Group and has effectively undertaken his/her responsibilities during 2025.

The Nomination Committee has also assessed the independence of the independent non executive Directors and, having taken into account the independence guidelines set out in the Listing Rules in the context of the length of service of each independent non executive Director as well as the perspectives, skills and experience that such Director can bring to the Board, considered all of them to be independent. The Company recognizes the benefits of a diverse Board and views Board level diversity as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage. Accordingly, the Board has set measurable objectives for the implementation of the board diversity policy to ensure that the Board maintains an appropriate balance of skills, experience and diversity of perspectives necessary to support the execution of its business strategy and to uphold the effectiveness of the Board. The Nomination Committee is satisfied that, with reference to the measurable objectives, the board diversity policy and the board nomination policy have been successfully implemented. The Nomination Committee will continue to conduct periodic reviews and monitor the implementation of the board diversity policy and the board nomination policy to ensure their continued effectiveness.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee is mainly responsible for (a) making recommendations to the Board on the Company's policy and the structure for all the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (c) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and any of its subsidiaries; (d) determining, making recommendations to the Board, considering and approving the remuneration package of all the Directors and senior management of the Group and the compensation arrangements relating to loss or termination of office and dismissal or removal of the Directors; (e) advising the Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under Rule 13.68 of the Listing Rules; (f) consulting the chairman of the Board and/or the chief executive officer of the Company about their proposals relating to the remuneration of other executive Directors; (g) evaluating and making recommendations on any share schemes that may be adopted by the Company from time to time and ensuring its compliance with the Listing Rules; (h) ensuring proper disclosure of the Director's remuneration in the annual report of the Company in accordance with the accounting principles and the Listing Rules; and (i) reviewing its own performance, constitution and terms of reference to ensure its effectiveness and making recommendations on any necessary changes for the Board's approval at least annually. The full version of the terms of reference of the Remuneration Committee is available on the Stock Exchange's website and the Company's website at www.persistencegold.com. The terms of reference of the Remuneration Committee was adopted on 30 November 2023.

The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. During the year ended 31 December 2025, the Remuneration Committee reviewed and approved the grant of share options by the Company on 11 July 2025 pursuant to the Company's share option scheme.

The Remuneration Committee comprises of four members, including Dr. Zeng Ming (independent non-executive Director and chairman of the Remuneration Committee), Dr. Shao Xuxin (executive Director), Dr. Malaihollo Jeffrey Francis A (independent non-executive Director) and Mr. Chan Ngai Fan (independent non-executive Director).

Corporate Governance Report

SUMMARY OF WORK OF THE REMUNERATION COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2025

During the year, the Remuneration Committee has held two meetings for discussing incentive scheme and adoption of share option scheme. At these meetings, the Remuneration Committee also reviewed and recommended to the Board the remuneration policies and structure of the Company.

In discharging its duties with respect to the remuneration of Directors and members of the senior management team, the Remuneration Committee ensured that no individual or any of his/her associates participated in determining his/her own remuneration. The Remuneration Committee also ensured that remuneration awards were determined by reference to the performance of the individual and the Company, and were aligned with market practices and conditions, as well as the Company's goals and strategies.

All the Options granted during the year ended 31 December 2025 were without performance targets. In view that (i) the grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant is a recognition for the Grantees' past contributions to the Group; and (iii) the Options are subject to certain terms of the Share Option Scheme, which already cover situations where the Options will lapse in the event that the grantees cease to be employees of the Group, the Remuneration Committee is of the view that the grant of Options to Employee Participants without performance targets is market competitive and aligns with the purpose of the Share Option Scheme.

ESG COMMITTEE

The Environmental, Social and Governance (ESG) Committee (the “**ESG Committee**”) is established for the purposes of, among others, to assist the Board to manage all matters relating to ESG, as well as the sustainable development and climate-related matters of the Group, including but not limited to, support the Board in updating and monitoring ESG policies and strategies, set and reviewing performance metrics and manage ESG and climate-related risks with effect from 6 February 2025.

Dr. Zeng Ming, an independent non-executive Director, has been appointed as a member and the chairman of the ESG Committee; Mr. Chan Ngai Fan, an independent non-executive Director, and Ms. Liu Li, an independent non-executive Director, have been appointed as members of the ESG Committee, with effect from 6 February 2025. The committee held two meetings during the year.

Corporate Governance Report

SUMMARY OF WORK OF THE ESG COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2025

During the year, the committee reviewed the Group's ESG governance structure, including the ESG working group and the emission reduction leading group, discussed the roadmap for implementing the new ESG requirements, examined the existing risk register to review the ESG related risks identified together with the actions taken or proposed, considered the potential ESG and climate related risks facing the Group along with corresponding recommendations for improvement, and continuously reviewed, monitored and reported on those ESG and climate related risks.

Based on these reviews, the committee is of the view that the Group has complied with the Group's policies and practices on ESG, that all existing risks have been properly addressed by the Group, and that the Group's environmental targets have been considered and revised to reflect the new situation.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (the "**Risk Management Committee**") is established for the purposes of, among others, to assist the Board to discharge its duty to oversee and monitor the effectiveness of the Group's risk management (including ESG and climate-related risks) and internal control system with effect from 6 February 2025.

Mr. Chan Ngai Fan, an independent non-executive Director, has been appointed as a member and the chairman of the Risk Management Committee; Dr. Zeng Ming, an independent non-executive Director, and Ms. Liu Li, an independent non-executive Director, have been appointed as members of the Risk Management Committee, with effect from 6 February 2025. The committee held two meetings during the year.

SUMMARY OF WORK OF THE RISK MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2025

During the year, the committee reviewed the Group's risk management policy and risk management structure, examined the existing risk register, including identified risks and the actions taken or proposed, considered the potential risks facing the Group together with corresponding recommendations for improvement, and oversaw the ongoing review, monitoring and reporting of those risks.

Based on these reviews, the committee confirmed that there had been no material changes to the Group's risk management and internal control systems during the year ended 31 December 2025. The committee is of the view that the Group's risk management and internal control systems are effective and adequate.

Corporate Governance Report

SENIOR MANAGEMENT'S REMUNERATION

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands	Number of person(s)
Nil to HK\$500,000	–
HK\$500,001 to HK\$1,000,000	2
HK\$1,000,001 to HK\$2,000,000	1

CORPORATE GOVERNANCE FUNCTION

The Board, with the assistance of the Board Committees, is responsible for performing the corporate governance functions, and it accordingly reviews and monitors the training and continuing professional development of Directors and the senior management, and ensures its policies and practices in compliance with relevant laws and regulatory requirements. For the year ended 31 December 2025, the Board reviewed the Company's policies and practices on corporate governance. The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, Ernst & Young, received RMB2,456,000 for provision of audit service. No non-audit services was provided by Ernst & Young for the year ended 31 December 2025.

There were no disagreements between the Board and the Audit Committee regarding the re-appointment of the auditor, Ernst & Young, for the year ended 31 December 2025.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 31 December 2025 and of the Group's results and cash flows for the year ended 31 December 2025. In preparing the consolidated financial statements of the Group for the year ended 31 December 2025, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

There are no material uncertainties relating to any events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

For the year ended 31 December 2025, the management has provided the Board with monthly updates so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

The reporting responsibilities of the Company's independent auditor on the consolidated financial statements of the Group for the year ended 31 December 2025 are set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors and the Board have an oversight role to determine that appropriate risk management processes are in place and that these processes are adequate and effective.

Risk management policy has been established to formalize the risk management (including environmental, social and governance ("ESG") risks) of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure the Group is operating in a safety and steady environment, the operation management level could be increased and the Group's operational strategy and target could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Corporate Governance Report

The Board has reviewed the following annually: (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes in its business and the external environment; (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems and the work of internal audit; (c) the extent and frequency of communication of monitoring results to the Board (or board committee(s)) which enables it to assess control of the Group and the effectiveness of risk management; (d) significant control deficiencies or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and (e) the effectiveness of the processes for financial reporting and Listing Rules compliance.

The Group's risk management process involves the identification, evaluation, response, monitoring and reporting of risks. After risks that may potentially affect the Group's business and operations are identified by the management of the Company, the Board will perform risk assessment by prioritizing the identified risks to determine key risks exposed to the Group and discuss measures to mitigate such key risks. Besides, existing risk mitigation measures are subject to regular monitoring by the management of the Company, which will review the Group's risk management strategies, and report such results and make appropriate suggestions to the Board. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

If material internal control deficiency was noted, the Company conducted continuous tracking for the improvement of internal control defects, and counseled and supported the persons in charge of internal audit function to ensure good rectification results.

According to code provisions D.2.3 and D.2.4 of the CG Code, the Company has adopted a whistleblowing system, which is intended to enable employees and those who deal with the Group to report serious concerns about possible improprieties to the Audit Committee in confidence and anonymity. The Company has also established systems to promote and support anti-corruption laws and regulations.

The Group has engaged an independent professional adviser (the "**Internal Control Adviser**") to conduct the annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2025. Such review is conducted annually. In this year, the scope of review included revenue cycle, procurement cycle, expenditure cycle, inventory cycle, cash management and treasury cycle and the procedures for the management of bank acceptance bills. During the year ended 31 December 2025, our Directors, senior management, the Audit Committee and/or the Internal Control Adviser did not identify any further bank acceptance bills activities. For other review areas, the Internal Control Adviser performed interviews, reviewed the relevant documents and reported major findings and areas for improvement to the Audit Committee. All recommendations from Internal Control Adviser would be followed up closely to ensure that they are implemented within a reasonable period of time. The Group therefore is of the opinion that the Group's risk management and internal control processes are adequate to meet the needs of the Company in its current business environment and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

Corporate Governance Report

The main features of risk management and internal control structure of the Company are as follows:

- The Board determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the strategic objectives of the Group and ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems;
- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee;
- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and
- The Group's management, with the assistance of Internal Control Adviser, report the risk management and internal control findings, and to respond to questions from members of the Audit Committee.

INFORMATION DISCLOSURE POLICY

To ensure timely, fair, accurate and complete disclosure of inside information and for compliance with the applicable laws and regulations, the Group has in place, as an internal control element, a series of disclosure procedures of price sensitive information on reporting and dissemination of inside information and preservation of confidentiality. Under the policy, Company Secretary shall report to Executive Directors any potential/suspected inside information event as soon as practicable when it materializes for determining the nature of developments, and if required, making disclosure. All staff are also required to observe the code of ethical standards stated in Staff Handbook to keep non-public information confidential.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- (a) is aware of its obligations under the SFO and the Listing Rules and is required, as soon as reasonably practicable after any inside information has come to its knowledge, to disclose the information to the public; and
- (b) has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior management is identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary of the Company was Mr. Lo who resigned on 5 November 2025 and Mr Chu was appointed as Company Secretary on the same date. Mr. Chu is engaged as the Company Secretary under a service contract and is not a full-time employee of the Company. The Company Secretary reports to the chairman of the Board and the chief executive. The appointment and removal of the Company Secretary are subject to the approval of the Board. For the year ended 31 December 2025, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out in the section of “Directors, Supervisors and Senior Management Profile” of this annual report.

INVESTOR RELATIONS

The Company reviewed the implementation and effectiveness of the shareholders' communication policy conducted during the Year. The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies, the Company endeavors to maintain an ongoing dialogue with the Shareholders and in particular, through annual general meeting and extraordinary general meeting. In respect of each matter to be considered at the annual general meetings and extraordinary general meetings, including the re-election of Directors, a separate resolution will be proposed by the chairman of the Board. The chairman of the Board and the chairmen of the Board Committees will be available at the annual general meeting and extraordinary general meeting to meet with the Shareholders and answer their enquiries. The Company will also invite representatives of the auditor to attend the annual general meeting of the Company to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication, the Company maintains the website of www.persistencegold.com; where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to the Shareholders and/or published are updated on the Stock Exchange's website and the Company's website in a timely fashion.

The annual general meeting of the Company (the “**2025 AGM**”) for the year ended 31 December 2025 is scheduled to be held on 26 June 2026. The notice of the 2025 AGM, setting out details of each proposed resolutions and other relevant information, will be sent to Shareholders at least 21 clear days before the date of the 2025 AGM.

During the period from the Listing Date to 31 December 2025, there were no changes in the Company's constitutional documents.

Corporate Governance Report

DIVIDEND POLICY

The Company has adopted a dividend policy in recommending dividends, to allow the Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

The Board wishes to inform the Shareholders that on 28 August, 2025, the Board approved the amendment of the Company's Dividend Policy (the "**Amended Dividend Policy**"). The main contents of the Amended Dividend Policy are summarised below:

1. The Company intends to distribute interim cash dividends to the Shareholders for a year if the net profit attributable to equity holders and accumulated undistributed profits for the previous year are positive and the Company's cash flow can satisfy the Company's normal operations and sustainable development. The percentage of cash dividend will be calculated with reference to 30% of the net profit attributable to equity holders for the previous year.
2. It is anticipated that these distributions will be declared semi-annually following the announcement of the half-year results. Dividends will be declared and paid in Hong Kong dollars.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends, inter alia:

- (a) the actual and expected financial performance and the financial results;
- (b) the actual and available surplus and working capital;
- (c) the expected working capital requirements and cash flow required for the future expansion plans;
- (d) the debt-to-equity ratios and the debt level;
- (e) any restrictions on payment of dividends that may be imposed by the lenders;
- (f) the general economic conditions, business cycle and other internal and external factors that may have an impact on the business conditions or financial performance, the strategies and the financial position of the Company;
- (g) the future operations and earnings; and
- (h) any other conditions or factors that the Board deems relevant.

Corporate Governance Report

Any final or special dividends must be approved by the Shareholders at a general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders any interim dividends as appear to the Directors to be justified by the profits of the Group. Once declared interim dividends in a year, the Board may not declare further final or special dividends within the same year.

The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the Companies Act (as revised), of the Cayman Islands, Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Listing Rules, the Articles, any other applicable laws and regulations and any other financial covenants imposed by financial institutions. Save as aforesaid, the Company does not have any predetermined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Board will continually review the Dividend Policy and reserve the rights in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

In accordance with the Dividend Policy, the Group declared and paid interim cash dividends of HK\$0.03 per ordinary share for the six months ended 30 June 2025. The Board does not recommend any further payment of annual dividend for the Year.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

1. THE WAY IN WHICH THE SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING ("EGM") AND TO PUT FORWARD PROPOSALS

Pursuant to Article 17 of the Articles, EGMs shall be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company having the right of voting at general meetings of the Company, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the Directors shall within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period.

Pursuant to section K of Part 1 of the CG Code and Article 17 of the Articles, the requisition must state the objects and the resolutions to be added to the agenda of the meeting, and must be signed by the requisitionists and lodged to the Company Secretary at the Company's principal place of business in Hong Kong with the address at Level 20, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal place of business of the Company in Hong Kong.

If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome, and accordingly, an EGM will not be convened as requested.

Pursuant to Article 18 of the Articles, the notice period to be given to all Shareholders for consideration of the proposal raised by the Shareholders concerned at an EGM, shall be at least 14 clear days.

Corporate Governance Report

2. THE PROCEDURES THE SHAREHOLDERS CAN USE TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details, shall have been lodged to the Company Secretary at the Company's principal place of business in Hong Kong with the address at Level 20, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong, at least 7 days before the date of the general meeting. The lodgment of notice should also be in compliance with the other requirements of the Listing Rules.

3. THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Any Shareholder(s) who wish to raise his/their enquiries concerning the Company to the Board may deliver his/their written enquiry(ies) to the principal place of business of the Company in Hong Kong at the address at Level 20, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong, or at any address notified by the Company from time to time and for the attention of the chairman of the Board and the Company Secretary. Upon receipt of the enquiries, the Company would reply as soon as possible.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions put forward at general meetings, and the poll voting results will be published on the Stock Exchange's website and the Company's website at www.persistencegold.com after the relevant general meeting.

Environmental, Social and Governance Report

ABOUT THIS REPORT

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)) (“**Persistence Gold**” or the “**Company**” or “**we**”) and its subsidiaries (collectively referred to as the “**Group**”) are pleased to present our Environmental, Social and Governance Report (“**this Report**”) for the year. This Report sets out the Group’s sustainability initiatives and achievements in environmental and social areas for the year 2025 to enhance stakeholders’ understanding of and expectations for the Group. In addition, the Group is also committed to continuously promoting sustainability performance and progress.

SCOPE OF REPORTING

This Report is consistent with the period covered by the Group’s financial statements, which covers the period from 1 January 2025 to 31 December 2025 (the “**Year**” or the “**Year 2025**” or the “**Reporting Period**”). Unless otherwise stated, this Report covers the following: (1) Persistence Gold Group Ltd, (2) Majestic Yantai Gold Limited (“**Majestic BVI**”), (3) Yantai Zhongjia Mining Co. Ltd (煙台中嘉礦業有限公司, “**Yantai Zhongjia**”), (4) Persistence Resources Enterprise Management (Shenzhen) Co. Ltd (集海資源企業管理(深圳)有限公司, “**Persistence (Shenzhen)**”) and (5) Yantai Mujin Mining Co., Ltd. (煙台市牟金礦業有限公司 “**Yantai Mujin**”).

The scope of the report for the Year has been further expanded to include Yantai Mujin, which was acquired by the Group on 24 February 2025 and is principally engaged in the mining, processing and sales of gold. We believe that the above businesses represent the Group’s main impacts on the economy, environment and society during the Reporting Period.

REPORTING STANDARDS

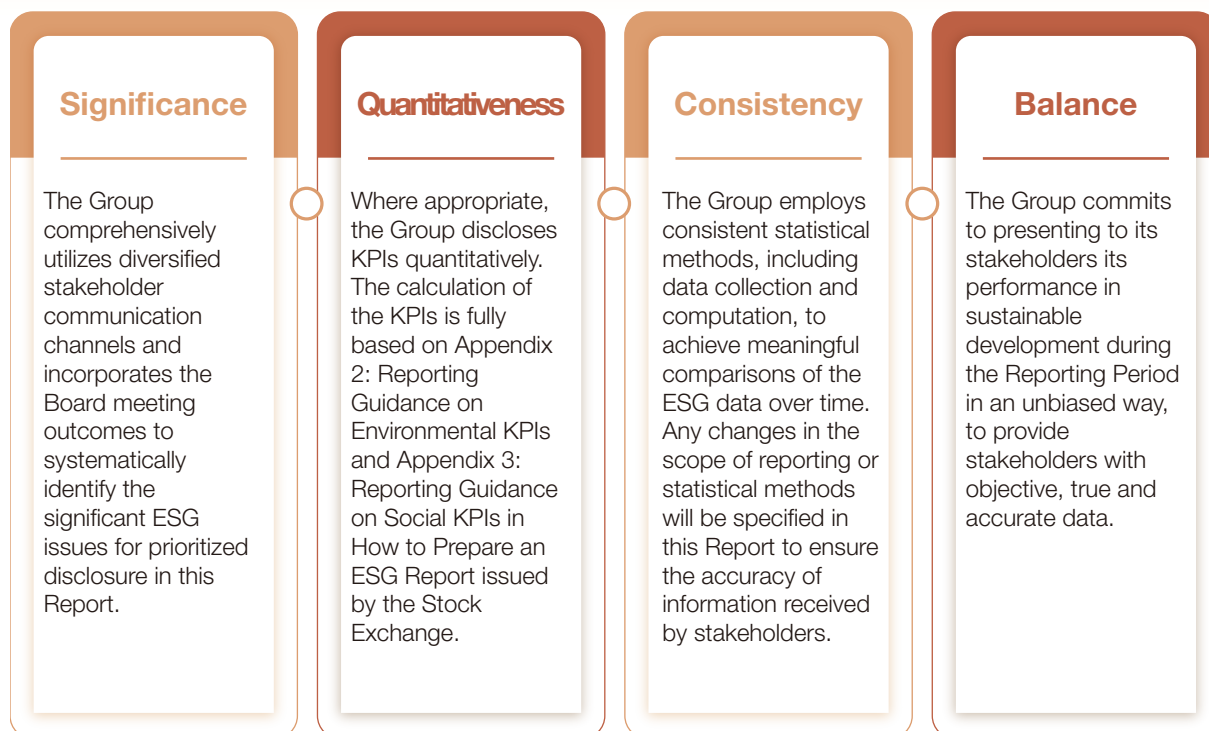
This Report is prepared according to the Environmental, Social and Governance (the “**ESG**”) Reporting Code (the “**Code**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In case of any discrepancy between the English and Chinese versions of this Report, the Chinese version shall prevail.



Environmental, Social and Governance Report

PRINCIPLES OF REPORTING

In preparing this Report, the Group has strictly followed the four core principles of significance, quantitiveness, consistency and balance.



FEEDBACK

We value your feedback on this Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us.

E-mail: info@persistencegold.com

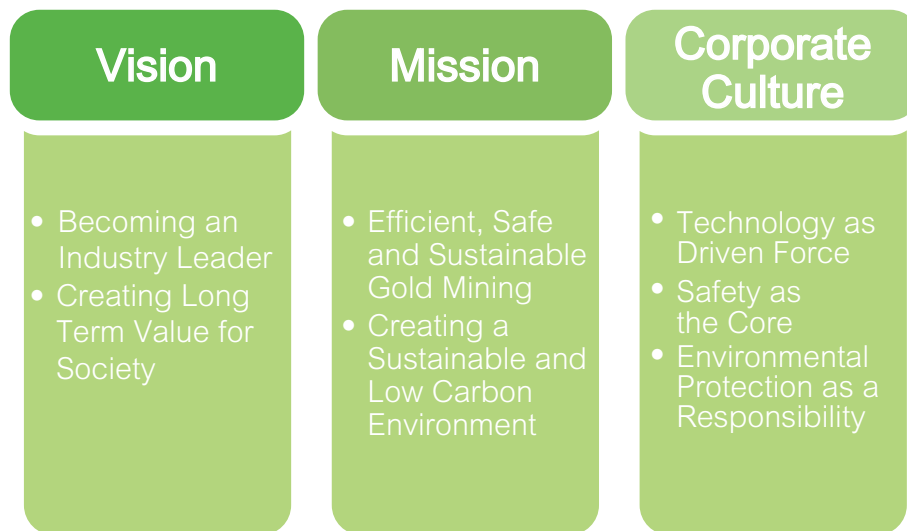
Telephone: +852 3796 3146



Environmental, Social and Governance Report

CORPORATE CULTURE

The core businesses of Yantai Zhongjia and Yantai Mujin of the Group cover the entire process of gold prospecting, mining and processing, with the final output being the gold bullion derived from gold concentrate. Our core mining assets include Songjiagou Open-Pit Mine and Songjiagou Underground Mine of Yantai Zhongjia and DGZ Mine of Yantai Mujin. Among them, the open-pit mine put into production since May 2011, and the underground mine also commenced commercial production since September 2019, while DGZ Mine is still expanding from Shaft No. 1 and No. 2 to Shaft No. 3 and its infrastructure will be completed in the second quarter of 2028 for full commercial production. The Group's corporate vision, mission and corporate culture are as follows:



The Group takes achieving long-term sustainable growth as its core goal, constantly improves its operational efficiency and proactively explores growth opportunities. While deepening the development and utilization of existing mining assets, the Group continuously seeks to acquire mining assets with investment value domestically and overseas, aiming to expand the gold mining and processing business, thereby further consolidating the Company's industry-leading position in the field of gold mining in Shandong Province. Besides, the Company also actively expands collaboration channels with various parties to achieve mutual benefits and win-win situations to jointly facilitate the high-quality development of the gold mining industry. For details, please refer to the section of "Business Prospects" of this annual report.

The Company will also continue to fulfill its social responsibilities, strictly comply with risk management and relevant ESG disclosure regulations and ordinances, as well as actively respond to the national "carbon peak" strategic goal by successively introducing a series of measures to reduce greenhouse gas emissions. During this process, the Company will continue to explore and introduce advanced and environmentally friendly mining technologies, improve production efficiency and working safety through leveraging the potency of science and technology, and practice the green mining philosophy. The Company is fully aware of the importance of corporate social responsibility, thus it has always put environmental protection on top of its list, delivers every effort to protect the natural ecological environment and effectively reduces carbon emissions. For industrial wastewater generated during the production process, the Company will implement a strict treatment process to ensure that the majority meets the standard for recycling and reuse. At the same time, we attach great importance to the improvement of the working environment of our open-pit and underground miners, striving to provide a safe and healthy working environment and fully safeguard the well-being of employees.

Environmental, Social and Governance Report

The Company has always adhered to the path of high-quality development and strives to consolidate and expand its leading advantages in the industry. The Company has consistently prioritized scientific innovation and technological breakthroughs, and regards technology research and development (“R&D”) as the core engine driving its high-quality development. Through continuous technological breakthroughs and process optimization, the Company enhances on-site safety protection to effectively mitigate production risks, while significantly improving operational efficiency to achieve cost reduction and efficiency enhancement. As of the Year 2025, the Company has been granted multiple patents in aggregate. The patents newly applied for this Year are set out below:



Patent Certificate – Mine Hoisting Rope Inspection Structure



Patent Certificate – Mine Wastewater Solid-Liquid Separation Equipment



Patent Certificate – Mine Wastewater Treatment Device



Patent Certificate – Monitoring Method and System for Mine Hydraulic Drills



Environmental, Social and Governance Report

OUR ESG GOVERNANCE STRUCTURE



The Group has always believed that as a socially responsible mining company, implementing sound ESG principles is the foundation for its existence, and is essential to achieve the Group's sustainable development. This is not only the cornerstone of the Group's long-term sustainable growth, but also enhances the value of its sustainable investments and brings long-term stable returns to its Shareholders. In order to fully integrate ESG strategy into its daily decision-making and operation, the Group has established the environmental, social and governance committee (the "**ESG Committee**"), and successively established an environmental, social and governance working group (the "**ESG Working Group**") and an energy conservation and emission reduction leading group (the "**Emission Reduction Leading Group**"), and formulated a comprehensive ESG management system to advance standardized and systematic implementation. During the Reporting Period, the Group's remuneration policy was not linked to climate-related performance.

The Group's ESG Policies and Procedures Manual provides comprehensive and systematic guidance for all business units to implement ESG governance practices. The Manual ensures that ESG-related key areas, including energy management, efficient use of all types of resources, waste management, green procurement, climate change response, labour rights protection, occupational health and safety, supply chain ESG review, product quality, anti-corruption and anti-money laundering, are deeply integrated with the Group's daily operations.

To strengthen the Board's and ESG Working Group's competencies in overseeing climate-related risks and opportunities, the Group continues to build relevant capabilities by engaging with online resources and training materials offered through the HKEX ESG Academy, and external ESG training.



Environmental, Social and Governance Report

In February 2025, the Group further established environmental, social and governance (ESG) committee (the “**ESG Committee**”) for the purposes of, among others, to assist the Board to manage all matters relating to ESG, as well as the sustainable development and climate-related matters of the Group, including but not limited to, supporting the Board in updating and monitoring ESG policies and strategies, setting and reviewing performance metrics and managing ESG and climate-related risks.

THE BOARD

- Oversees the formulation and supervises the overall ESG strategies of our Group and determines the ESG related risks; formulates and reviews the Group’s environmental, social and governance framework, strategies, policies and procedures, and implements the various policies on environmental, social and governance adopted by the Board;
- Reviews and monitors the implementation of the Group’s environmental, social and governance policies to ensure the compliance with legal and regulatory requirements;
- Implements measures to promote the Group’s environmental, social and governance policies and sets appropriate corporate objectives, performance targets and measures to ensure that the environmental, social and governance policies are prioritized to ensure effectiveness;
- Reviews the annual Corporate Governance Report and Environmental, Social and Governance Report and approves their disclosure, and reviews and monitors the training and continuing professional development of directors and senior management on environmental, social and governance issues;
- The Board meets at least once a year. Additional meetings will be convened if necessary.



Environmental, Social and Governance Report

ESG COMMITTEE

- Supports the Board to formulate, monitor and update ESG-related policies and strategies, and continuously monitors and reviews the progress of ESG policies and strategies of the Company;
- Sets ESG and climate-related performance metrics and targets, and makes recommendations to the Board to assist the Board in evaluating the effectiveness of the ESG strategies and measures;
- Identifies, evaluates, manages and supervises progress of ESG and climate-related management objectives agreed by the Board;
- Monitors the priority of identified ESG and climate-related risks and works with the head of respective business units in risk identification, and reviews and monitors ESG and climate-related risk reports, and devises mitigation and management measures to alleviate environmental, social and governance risks and impact;
- Assesses and sorts out the ESG and climate-related impact, risks and opportunities of the Company, makes recommendations to the Board and/or Risk Management Committee, and reports to the Board and/or Risk Management Committee on the ESG and climate-related material risks;
- Reviews the ESG and climate-related information disclosed by the Company publicly, including but not limited to annual ESG reports, publicly disclosed ESG related policies, etc., and makes recommendations to the Board;
- Works with third party consultant to support the Company in fulfilling its ESG objectives, if it considers necessary, and it shall be responsible for managing such third party;
- Supervises the Company's expenses on the ESG work;
- The ESG Committee shall make any appropriate recommendations to the Board regarding actions or improvements required within its terms of reference; and
- Does all such things as necessary to discharge the authority and duties conferred on it by the Board from time to time and handles matters required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Environmental, Social and Governance Report

ESG WORKING GROUP

- Assists the Board in developing, reviewing and implementing the Group's environmental, social and governance framework, strategies, policies and procedures;
- Regularly evaluates the Company's environmental, social and governance risks and internal control system, and discusses energy saving and emission reduction related issues at weekly and monthly meetings;
- Oversees and guides departments in the implementation of environmental, social and governance policies;
- Implements environmental, social and governance work (e.g. emission reduction, environmental works, community activities, etc.);
- Conducts internal and external material assessments on the improvement of the Group's environmental, social and governance policies and submits them to the Board;
- Collects and analyses data for the Environmental, Social and Governance Report;
- Prepares the annual Corporate Governance Report and Environmental, Social and Governance Report, and arranges training and continuing professional development of directors and senior management on environmental, social and governance issues;
- Organizes annual meetings to prepare and follow up on reporting issues, and reports to the Board on ESG performance and submits a work plan describing what will be done in the coming year in ESG, and recommends whether an ESG consultant or an engineering technical consultant should be engaged;
- Assists in the implementation of the ESG Risk Management Work Program-related tasks.



Environmental, Social and Governance Report

EMISSION REDUCTION LEADING GROUP

- Responsible for the supervision, management, information exchange and assessment of energy saving and emission reduction;
- Guides the company and all departments on energy saving and emission reduction;
- Strengthens the communication and liaison with relevant departments and local governments; seeks guidance on energy saving and emission reduction, and policy support in the fiscal, financial and taxation aspects;
- The energy saving and emission reduction office is responsible for such work of the entire company.

In addition to continuously optimizing the sustainability performance of its own internal operating environment, the Group also places environmental risk and social risk management in the supply chain at an important strategic position. To systematically address related risks, we have established specific management policies for environmental and social aspects in the supply chain, aiming to guide and encourage all the suppliers to proactively adopt environmental protection principles and improve employee welfare systems, thereby effectively preventing and reducing the potential environmental and social risks in the supply chain.

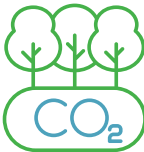
METRICS AND TARGETS

The Group has always focused on the long-term environmental and social impacts of its daily operations, aiming to set a positive social example. In the course of business development, we adhere to the principle of holistic coordination and strive to achieve a dynamic balance and optimal solution among stakeholders, economic benefits, environmental protection, social responsibility and corporate governance. The Group has not yet adopted internal carbon pricing in its decision-making processes. To actively fulfill our environmental responsibilities, we focus on reducing greenhouse gas emissions and continuously improving the efficient use of energy and all types of resources.

During the Reporting Period, the Group's Board, the ESG Committee, the ESG Working Group and the Emission Reduction Leading Group, together with other departments, identified that the medium-term targets previously set with the Year 2022 as a benchmark had not been achieved after conducting comprehensive reviews of the Company's actual environmental management and resource consumption, and carrying out comprehensive discussions and analyses by combining operational data of all business segments, the Company's business conditions, implementation records and phased results of energy saving and emission reduction measures.

Environmental, Social and Governance Report

Accordingly, we have conducted a systematic review, effectiveness assessment and deviation analysis on the previous energy saving and emission reduction targets set by the Company, and objectively sorted out the highlights and achievements achieved during the implementation of the targets, as well as the reasons for failing to meet the targets and the difficulties encountered in implementation. Based on the Group's latest development strategy, industry green standards and actual operational needs, and after extensive discussions and deliberations, we have finally set new, feasible yet challenging energy saving and emission reduction targets that are in line with the Company's current development stage. We have also clarified the implementation pathways, phased indicators and corresponding responsibilities of related departments for the new targets, which will lay a solid foundation for the orderly progress of the Company's future energy saving and emission reduction work and the continuous improvement of environmental benefits, ensuring that all work is aligned with the Group's overall ESG plan. Our current emission reduction targets focus solely on carbon reduction and do not incorporate a carbon neutrality objective. These targets were not derived using the Sectoral Decarbonization Approach (SDA) recommended by the Science Based Targets initiative (SBTi), which sets goals based on industry-specific emission intensity benchmarks and future decarbonization pathways. As Yantai Mujin is still at the preliminary infrastructure construction stage, the Group's new targets are formulated based on the operational conditions of Yantai Zhongjia with the Year 2025 as a benchmark, covering various dimensions as set out below:

 Electricity Consumption On or before Year 2028, total electricity consumption and its intensity will reduce by 1%	 Diesel On or before Year 2028, diesel consumption will reduce by 1%
 Tailings On or before Year 2028, the proportion of processed tailings disposal volume to output volume shall not be less than 40%	 Ambient Air On or before Year 2028, ambient air quality in the mining area shall meet Class II standards
 Hazardous Waste They shall be uniformly collected at the Company's hazardous waste room before being transferred to qualified third parties for compliant disposal	 Acoustic Environment On or before Year 2028, the acoustic environmental quality in the mining area shall meet Class II standards
 Underground Water On or before Year 2028, the underground water quality shall continuously maintain at Class II standards	 Processing Water On or before Year 2028, recycling rate of processing water in the mining area will reach 100%

Environmental, Social and Governance Report

To achieve the above short-term strategic targets, the Group's ESG Working Group acts as a communication bridge between the Emission Reduction Leading Group and the Board. On one hand, it actively communicates the Board's strategic guidelines on sustainable development, and on the other hand, tracks and monitors the progress of the implementation of various emission reduction plans, and regularly reports to the Board and the ESG Committee on the advancement of ESG targets and the implementation results of relevant plans.

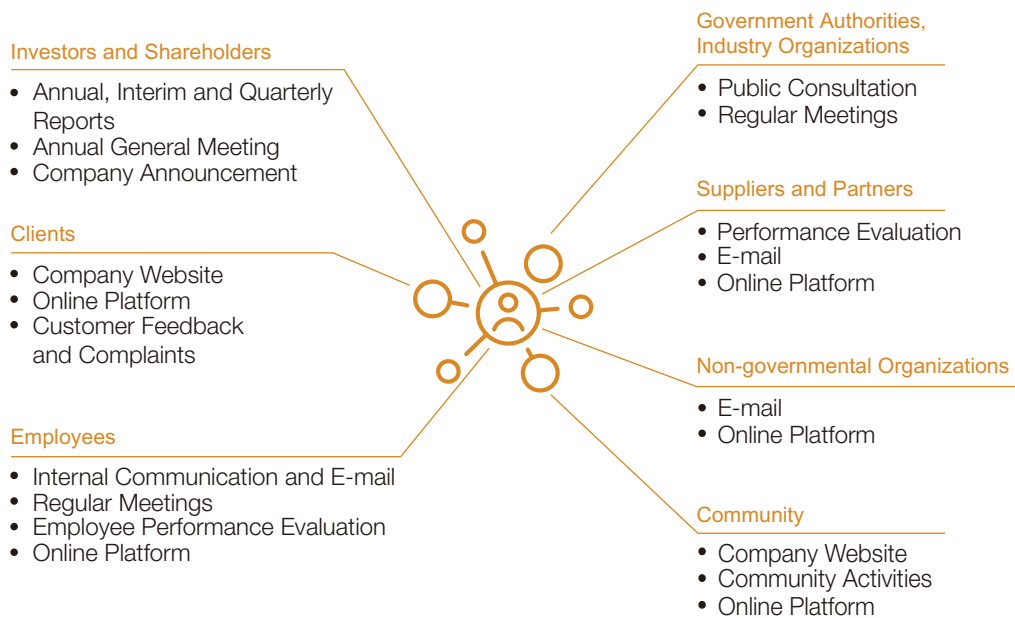
Looking ahead, the Group will continue to deepen communication with core customers and competent government authorities, fully understand the standards and requirements of relevant stakeholders in the ESG field and the policy direction of carbon reduction, so as to continuously optimize the scientificity and feasibility of the formulation of ESG targets. Meanwhile, the Group will benchmark against international advanced ESG practices and industrial standards, establish a mechanism for the regular inventory, updating and review of carbon footprint, dynamically adjust the relevant targets to ensure that they are not only in line with the Group's own development strategy, but also facilitate the progress of corporate sustainable development. In addition, the Group's Emission Reduction Leading Group will closely cooperate with the ESG Working Group and the ESG Committee to strengthen the communication and cooperation with internal relevant departments and local governments to oversee the implementation of carbon reduction measures throughout the entire process and ensure the effective delivery of all actions.



Environmental, Social and Governance Report

STAKEHOLDER PARTICIPATION

To precisely understand the needs, concerns, and expectations of all stakeholders, and to comprehensively assess the risks and opportunities emerging during the development of the Company, we have established a systematic internal and external communication mechanism. Through diverse channels such as social media platforms and thematic meetings, we have continuously deepened and strengthened the mutually-trusting and cooperative relationships with stakeholders, practically fulfilled our corporate social responsibility and ensure that all our business activities are in line with the expectations of our stakeholders.



Environmental, Social and Governance Report

STAKEHOLDER PARTICIPATION

To better manage efficiently and disclose issues of significance to stakeholders and the Group's business, we engaged a third-party consulting firm to assist in conducting a material assessment during the preparation of this Report. This assessment serves to consolidate the demands and expectations of various stakeholders on the Group's ESG performance, while also classifying and prioritizing the significance of each of the ESG issues. The key steps are summarized as follows:



Identifying issues

27 ESG issues were identified with reference to the guidelines of the Stock Exchange, peer benchmarking and international standards such as the Global Reporting Initiative (GRI).



Gathering opinion

Key stakeholders were invited to complete an anonymous online questionnaire to rate the issues that have been identified.



Evaluating issues

A material assessment was conducted based on the feedback from stakeholders to prioritize and identify the most important environmental, social and governance issues to the Company.



Reviewing results

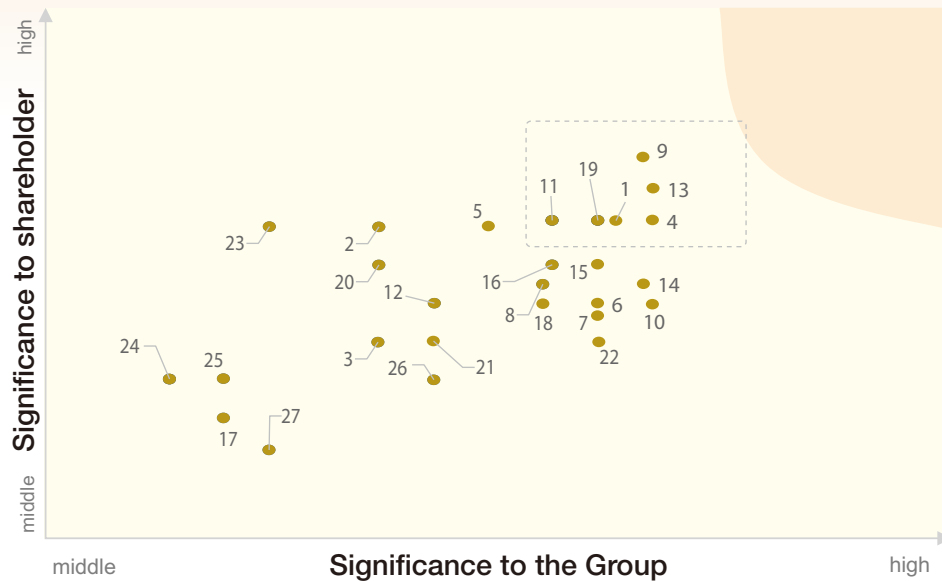
A material matrix has been compiled after summarizing the views of stakeholders and management. The Company reviews the results of the assessment and compiles a materiality matrix to rank the ESG issues that are important to stakeholders and the Group's business.

We will address and elaborate on the issues of concern to stakeholders in different sections of this Report.



Environmental, Social and Governance Report

MATERIALITY ANALYSIS



MATERIALITY MATRIX

Product and Service Responsibility	Operating Practices	Workplace Practices	Environmental Protection and Green Operation	Contribution to Community
1. Product and service quality	7. Supplier management	11. Employee rights, benefits and recreational activities	18. Exhaust air emission	26. Community investment
2. Product safety	8. Social risks in the supply chain	12. Equal opportunity, diversity, anti-discrimination	19. Waste disposal	27. Charity and donation
3. Customer service and satisfaction	9. Disaster emergency planning	13. Occupational health and safety	20. Carbon emission and energy	
4. Intellectual property management	10. Anti-fraud and corruption	14. Staff development and training	21. Use of water resources	
5. Raw materials sustainability and traceability		15. Employment compliance	22. Sewage discharge	
6. Research and development		16. Employment relationship and communication	23. Climate change risks	
		17. Employment turnover rate	24. Green procurement	
			25. Environmental risks in the supply chain	

Environmental, Social and Governance Report

Based on the assessment results, we have summarized the 6 material sustainability issues in the following table, among which, “Disaster emergency planning” and “Occupational health and safety” have been consistently identified by stakeholders as “material sustainability issues” for three consecutive years:

Material Sustainability Issues		Reporting Chapter
Product and Service Responsibility		
1	Product and service quality	Product Responsibility
4	Intellectual property management	Product Responsibility
Operating Practices		
9	Disaster emergency planning	Our Environmental and Climate-related Risks and Opportunities; Management of the Environment and Natural Resources
Workplace Practices		
11	Employee rights, benefits and recreational activities	Care for Our Employees
13	Occupational health and safety	Occupational health and safety
Environmental Protection and Green Operation		
19	Waste disposal	Emissions and Waste Management

EMISSIONS AND WASTE MANAGEMENT

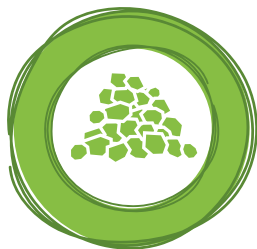
The major emissions and waste of the Group are generated from mining activities and processing procedures, specifically covering waste rocks, tailings, solid waste, wastewater, dust, noise, etc. To address such emissions, the Group designed a differentiated emission management system according to relevant government policy orientation and environmental factors. In the production wastewater and solid waste treatment procedures, we clearly specified the steps for recycling and using wastewater and the procedures of collection, transportation and reuse of solid waste to guarantee the proper treatment of all emissions and waste. We also established the Environmental Management System to provide guidelines on the detection and treatment procedures of solid waste, polluted gas, wastewater, noise and other emissions generated during the operation process. We also conduct regular assessments and tests on air pollutants, water quality, noise, and so on. In terms of compliance and implementation of national laws, we strictly comply with the requirements of environmental laws and regulations, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Mineral Resources Law of the PRC (《中華人民共和國礦產資源法》) and the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), and has developed a series of policies and measures accordingly, to effectively control emissions and ensure the compliance of operating activities.

Apart from this, although the Board of the Group is of the view that our operating activities do not generate a huge volume of emissions and waste that would significantly pollute the environment, we have conducted the Registration of Solid Waste Sources with the PRC government and obtained a Water Extraction Permit issued by it. During the course of our operations, we generate hazardous waste such as waste motor oil and non-hazardous waste such as waste rocks and tailings.

Environmental, Social and Governance Report

The environmental protection policies and procedures with respect to the emissions and waste generated from our operations are summarised below:

Type of Waste	Processing Method
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Waste rocks and tailings management

We have always been committed to reducing waste. In previous years, the Company delivered all waste rocks generated from ore mining and processing to qualified external recyclers for reprocessing and reuse. These waste rocks have been widely used in engineering fields such as road paving, tailings dam construction, retaining wall building, and swales backfilling, thereby realizing the recycling value of waste resources.

In respect of the tailings produced during our ore processing activities, the Group has adopted a classified disposal strategy: a portion of these tailings will be used in the backfilling operation at our Songjiagou Underground Mine, in particular, cement is added to dry tailings to produce cement slurry, which not only alleviates the pressure on tailings storage but also enhances the safety of underground mining operations.

In accordance with the requirement of “the number of tailing dams nationwide shall only decrease and not increase in principle” as set out in the Work Plan for Preventing and Resolving the Safety Risks of Tailing Dam (Emergency [2020] No. 15) (《防範化解尾礦庫安全風險工作方案》(應急[2020]15號)) and relevant supporting documents, the Group had signed processing agreements with a third party processing factory during the Year to develop the external processing and resource utilization of tailings. Around fifty percent of the tailings are processed by the third party processing factory, primarily processed into construction materials, thereby further broadening the disposal channels for tailings, maximizing the circular utilization of resources, and effectively reducing the environmental impact of tailings storage. The remaining fifty percent of the tailings will continue to be stored in the tailings pond, making fully use of our available storage capacity.

During the production process, we generated approximately over 1.88 million tons of tailings (Year 2024: over 1.9 million tons of tailings) for the Year, of which over 886,000 tons were handed over to third parties for treatment, and the remainder was fully discharged into the tailing dams.



Solid waste management

In respect of various waste, including scrap metals and domestic waste, we have designated specific collection and storage areas around the construction sites. Taking scrap steel as an example, these materials are centrally collected and stored at designated locations, and are then transferred to recycling contractors for disposal after unified sorting.

Domestic solid waste is collected and transported by the environmental health departments for subsequent harmless treatment in accordance with applicable regulations.

Environmental, Social and Governance Report



Wastewater treatment and
water control

The Company actively promotes the reuse of water resources. Mine water from the Songjiagou Open-Pit Mine and Songjiagou Underground Mine is collected and directed to sedimentation ponds for treatment. The purified water meets the quality requirements for mining operations and on-site dust suppression, enabling the reuse of resources. During the Reporting Period, the Company maintained a stable water supply with no water sourcing issues.

In parallel, leachate from the upper layer of the tailings pond together with natural precipitation are collected, and the treated overflow water that meets discharge standards is directed to water storage towers, serving as a supplementary water source for re-circulation in production processes.

Construction sites are equipped with domestic wastewater treatment units (septic tanks), and all treated domestic wastewater is reused for on-site greening and farmland irrigation.

In terms of wastewater control, the Company has established a comprehensive drainage channel system around the Songjiagou Open-Pit Mine to prevent rainwater runoff from entering the mine, thereby mitigating water contamination risks at the source. During the rainy season, when mine water discharge volumes surge, the mine water must be purified and treated in sedimentation tanks to meet discharge standards before being discharged.

Water used in mining operations achieves 100% recycling. Based on the results of sample testing, the current groundwater quality in the mining area meets the Class II standard of the Standard for Groundwater Quality. Going forward, the Group will continue to consolidate its production water recycling model and strengthen groundwater protection measures, to ensure that water resource management standards advance in tandem with ecological protection requirements.

Furthermore, the Company engages qualified third-party testing institution to conduct regular quality assessment on wastewater, ensuring that all parameters consistently comply with applicable local environmental regulations and standards.



Environmental, Social and Governance Report



Noise control

The primary sources of noise emissions during operations include blasting activities and production machinery such as jackdrills, loaders, ore processing equipment, and air compressors.

To reduce the impact of noise on the surrounding environment, the Company has implemented various noise reduction and mitigation measures, including vibration dampening and noise reduction components, mufflers, sealing enclosures, and sound absorption materials for equipment like fans for dust collection system and air compressors; constructing soundproof operating rooms; restricting vehicle speeds within the sites; and strictly enforcing daytime blasting operation controls, to ensure that noise emissions remain compliant with environmental standards.

The primary sources of dust emissions include blasting, mining, loading, ore processing, waste rock storage and disposal, as well as the movement of vehicles and equipment. To effectively manage dust pollution, the Company has established a multi-faceted control system. Specific measures are as follows:

Process-level Dust Collection:

Dust collection systems are placed during ore processing and dust removal towers are installed for centralized purification treatment.

On-site Dust Suppression:

Watering trucks are deployed for routine spraying in mining areas, waste rock loading areas, and on-site transport roads, deploying water sprayings to reduce dust diffusion.

Dust Suppression for Vehicles and Equipment:

Transport vehicles are required to cover loads with tarpaulins to minimize road spillage.

Monitoring and Control:

Qualified third-party institutions are engaged to conduct regular dust particle concentration testing, ensuring that emission indicators comply with environmental standards.

Through enclosed dust collection, water sprayings, wet-based operations, and other measures, the Company strengthens source control while standardizing on-site transport processes to minimize dust generation, comprehensively reducing the impact of dust emissions on surrounding environment.



Dust control

Environmental, Social and Governance Report



Hazardous waste

Hazardous waste, including the waste motor oil replaced from machinery and equipment, is uniformly collected in the Company's designated storage room for hazardous waste and subsequently transferred to qualified third parties for compliant disposal.

During the Reporting Period, the dust, wastewater, solid waste, hazardous and non-hazardous waste, etc. discharged or generated from our production had complied with the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》) (GB16297-1996), the Groundwater Management Regulations (《地下水管理條例》), the Soil Pollution Prevention and Control Law of the PRC (《中華人民共和國土壤污染防治法》), the Guidelines on the Environmental Impact Assessment of Hazardous Waste from Construction Projects (《建設項目危險廢物環境影響評價指南》), and the Measures for the Prevention and Control of Tailings Pollution in the Environment (《尾礦污染環境防治管理辦法》) and other emission standards and laws and regulations.

SOIL CONTAMINATION MONITORING LIST

The Group strictly implemented the Soil Pollution Prevention and Control Law of the PRC (《中華人民共和國土壤污染防治法》), Administrative Measures for Soil Environment of Industrial and Mining Land (Trial) (《工礦用地土壤環境管理辦法(試行)》), Soil Pollution Prevention and Control Regulations of Shandong Province (《山東省土壤污染防治條例》) and other soil pollution prevention laws and regulations, pursuant to which, non-ferrous metal mining and processing enterprises above scale shall be included in the soil contamination monitoring list and subject to the timely supervision of relevant authorities. The Group will fully cooperate in implementing these regulatory requirements.

Our principal operating subsidiary, Yantai Zhongjia, was included in the 2024 List of Key Soil Pollution Monitoring Entities in Shandong Province published by the Administration Department for Ecology and Environment of Shandong Province (山東省生態環境廳). Pursuant to the Soil Pollution Prevention Laws and Regulations, enterprises included in the soil contamination monitoring list are required to: (i) establish procedures for managing the discharge of toxic or hazardous waste; (ii) establish procedures for screening soil contamination; and (iii) conduct an annual examination on the soil and underground water on the land used for its operation and report the results to the competent authorities of ecology and environment.

Following notification of its inclusion in the soil contamination monitoring list, the Group has, in accordance with regulatory requirements, completed the development and implementation of hazardous waste disposal and management procedures together with the soil contamination screening procedures, and established a regular monitoring and reporting mechanism for soil and groundwater at operational sites, with relevant procedures being conducted at least once a year, thereby ensuring full compliance with relevant laws and regulations on the prevention and control of soil pollution. During the Reporting Period, Yantai Zhongjia remained in full compliance with regulatory requirements and received no notice on penalties, enforcement actions or allegations concerning soil pollution prevention violations from any competent authorities due to its inclusion in the list.

Environmental, Social and Governance Report

GREEN MINE LIST

Pursuant to the Administrative Measures for Green Mine Construction of Shandong Province (《山東省綠色礦山建設管理辦法》) (the “**Construction Administrative Measures**”), green mines refer to mines with mining operations implementing scientific and orderly resource exploitation throughout the entire mineral resource development process. These mines maintain ecological disturbances to the mining area and surrounding environment within controllable limits, and eventually, achieving ecological restoration of the mining area, scientific mining methods, efficient resource utilisation, standardised enterprise management as well as harmonious relations between mine sites and communities.

Yantai Zhongjia, a principal operating subsidiary of the Group, has been included in the Provincial Green Mine List of Shandong Province issued by the Department of Natural Resources of Shandong Province. Pursuant to the Administrative Measures for Green Mine Construction of Shandong Province (《山東省綠色礦山建設管理辦法》) (the “**Construction Administrative Measures**”), the Green Mine List will be maintained on a dynamic basis, and enterprises listed in the Green Mine List may have their green mine designation revoked and be removed from the list under any of the following circumstances:

1. mine closure, bankruptcy or policy-mandated shutdown;
2. failure to meet green mine standards during supervision inspections and continued non-compliance with relevant requirements after a mandated-period for rectification (generally not exceeding six months);
3. significant administrative penalties imposed by relevant departments for illegal or non-compliant activities, rendering the enterprise unsuitable for continued inclusion in the list;
4. fraudulent inclusion in the Green Mine List through falsification by the mining enterprise or third-party assessment agencies;
5. occurrence of major workplace safety accidents or ecological environmental incidents;
6. inclusion in the Severe Violation List of the Public Disclosure of Exploration and Mining Information of Mining Right Holders (礦業權人勘查開採信息公示嚴重違法名單);
7. other circumstances under which the enterprise is deemed unsuitable for continued inclusion in the list by competent authority.

Following the inclusion of the Songjiagou North Mine area (second batch) and the Songjiagou Mine area (third batch) in the Provincial Green Mine List of Shandong Province, natural resources authorities at all levels, in conjunction with ecological and environmental departments, conduct occasional spot checks and inspections of the above mines under the “double random, one public” regulatory requirements.

During the Reporting Period, the aforementioned mines operated by Yantai Zhongjia strictly complied with the construction requirements for green mines and did not receive any rectification notices or allegations of violations from any competent authority for their non-compliance with the construction requirements for green mines.

Environmental, Social and Governance Report

MANAGEMENT OF USE OF RESOURCES

The Company upholds the development principle of efficient resource utilization, reducing natural resource consumption at the source through measures such as prioritizing the procurement of production equipment of high energy-efficiency. The Company’s principal energy consumption consists of electricity for office use, electricity for mining areas and production facilities, and diesel fuel for mining machinery and equipment.

To standardize the management of resource conservation, the Company has formulated and promulgated a series of dedicated regulations, including the “Office Electricity Management System”, “Energy Quota Assessment System” and the “Fuel Saving Management System”, aiming to provide clear implementation guidelines, operating standards, and procedures for resource conservation practices in the workplace. These systems cover core elements such as the operational management of air conditioning and lighting systems, approval procedures for the procurement and use of high-energy-consumption equipment, and the delineation of specific responsibilities among departments in energy management. In the daily operations of mining sites and ore processing plants, as well as in office activities, the Company has implemented multiple energy-saving and consumption-reduction measures:

- Electricity Consumption:

(1) Conduct identification, investigation, and rectification of abnormal energy consumption, and implement energy consumption accounting for production departments; (2) Prioritize the use of LED lighting systems, long-life metal halide lamps, high-efficiency and energy-saving fluorescent lamps, and natural lighting; (3) Set energy-saving temperatures for office cooling and heating air conditioners; (4) Retrofit fixed-frequency equipment with variable-frequency equipment in the ore processing plants to reduce energy consumption; (5) With the exception of equipment requiring 24-hour operation, other equipment shall operate dynamically based on peak and off-peak periods; (6) Install additional translucent panels in factories to minimize electricity consumption for indoor lighting.
- Diesel Consumption for Machinery:

(1) Replace excavators of China IV emission standards; (2) Procure excavators of larger model to reduce the number of equipment in operation, thereby lowering energy consumption per unit by reducing operating time; (3) Reduce excavator standby time and moving time.

During the Reporting Period, another subsidiary of the Group, Yantai Mujin, adopted photovoltaic power by installing solar panels in the office building areas, thereby increasing the use of clean energy such as solar power and reducing reliance on thermal electricity. As of the fourth quarter of 2025, the proportion of photovoltaic electricity used by Yantai Mujin exceeded 30% of its total electricity consumption.



Environmental, Social and Governance Report



Solar panels

During the Reporting Period, we complied with the laws and regulations relating to the use of energy and resources in the places where our operations are located, such as the Law of the People's Republic of China on the Promotion of Cleaner Production (《中華人民共和國清潔生產促進法》), the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》) and the Law of the People's Republic of China on Soil and Water Conservation (《中華人民共和國水土保持法》), the Catalogue of Advanced Applicable Technologies for the Conservation and Comprehensive Utilization of Mineral Resources (2022 Edition) (《礦產資源節約和綜合利用先進適用技術目錄(2022年版)》), and the Law of the People's Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》).

MANAGEMENT OF THE ENVIRONMENT AND NATURAL RESOURCES

We recognise that the Group's operational activities may exert potential impacts on the natural environment and resources. Therefore, we are committed to reducing the negative environmental and resource impacts of these activities, while advancing the achievement of sustainable development goals. To this end, we have designed and implemented a series of strategies aimed at mitigating the adverse effects of operations on environmental and land resources, as well as effectively preventing and avoiding the occurrence of environmental accidents. In particular, our "Mineral Resources Development and Utilisation Plan" contains mine environmental governance measures, including waste, polluted gas, wastewater, and noise treatment measures, as well as soil and water conservation and land reclamation measures. Furthermore, the "Emergency Plan for Environmental Accidents", "Emergency Response System for Environmental Accidents", and "Environmental Accident Management System" are established to ensure that employees can take swift and effective response measures when dealing with different levels and types of environmental accidents.



Environmental, Social and Governance Report

We attach great importance to the safety of the operating environment and endeavour to prevent and minimise casualty risks to workers caused by mine accidents. Adhering to the core prevention-oriented strategy, we have made substantial investments in prediction, prevention and early warning mechanisms. To this end, we regularly carry out activities such as risk assessment, stockpiling of materials, team building, equipment improvement and rehearsal of contingency plans. In terms of disaster preparedness, we have comprehensively analysed the geomorphology of the mine site and weather changes, completed hazard identification and risk evaluation processes, and identified key disaster types requiring prioritized prevention. In addition to preventive actions, we have set up an emergency command center to effectively respond to any unforeseen incidents or emergencies, executing response operations in accordance with guidance from the emergency management authorities of the local government. In addition, we have set up a number of professional teams, including a technical team, a security team, a medical team, a logistics team, a rescue team, and a routine emergency management team, to ensure specialized emergency technical support tailored to diverse disaster scenarios. Once a general mining incident occurs, besides immediately reporting the incident to the relevant authorities and quickly carrying out rescue operations, we will also conduct a detailed accident investigation and handling after the accident, and confirm that all safety hazards on site have been eliminated before resuming production activities.

None of the mines owned by the Company are located within the area of natural reserves. The mining operations in our Songjiagou Open-Pit Mine, Songjiagou Underground Mine and DGZ Mine will not pose any harm to the wild animals or plants in the region, either currently or in the future.

Despite the above ecological safety fundamentals, the Company adheres to a rigorous environmental protection concept and strives to minimise its environmental footprint across all production and operational processes, thereby meeting the dual objectives of protecting ecosystems and combating climate change. For each of the production plants, the Company has established a full-process emission management and control system for exhaust gas, wastewater, solid waste and noise, guaranteeing that all production-related environmental indicators fully comply with national and local environmental regulatory standards. As our mining activities will damage the land, the Company strictly observes the statutory principle of “whoever damages the land shall undertake its rehabilitation”, and fulfils its legal obligations of site closure and land rehabilitation, and ensures compliance with the requirements under relevant laws and regulations.

Pursuant to relevant regulatory requirements, when applying for mining licence renewal, the Mine Geological Environment Protection and the Land Rehabilitation Program (《礦山地質環境保護與土地復墾方案》) shall be submitted to the competent natural resources department for review. The primary goals of such work are to restore the usable functions of mining-damaged land, effectively curbing water and soil erosion and maintaining the regional ecological environmental stability.



Environmental, Social and Governance Report

In the practice of land rehabilitation, the Company has implemented a series of well-established measures, including demolition and removal of structural masonry, dismantling and disposal of hardened surfaces, gravel clearance from terrain, land ploughing and leveling, application of exogenous soil layers, mechanical pit excavation and backfilling, vegetation restoration, and subsequent long-term monitoring and maintenance. During the Year, we further executed site closure and land rehabilitation related work, with specific measures detailed below:

Geological environment rehabilitation: In strict adherence to the provisions of the Mine Geological Environment Protection and the Land Rehabilitation Program, the Group carries out mine geological environmental protection work in a standardised manner, and pays the mine geological environment governance and restoration fund in full and on schedule as required by regulations, providing financial safeguards for the long-term remediation of the geological environment.

Considering that mining operations may trigger such issues as landslides and rock-soil stripping, posing potential threats and losses to the growth of plants and animals and causing habitat degradation in the region, the Group has formulated and implemented a number of measures for the prevention and mitigation of geological disasters. To address the elevated risk of landslides during the rainy season, key measures are enforced, including strict control of slope cutting during open pit mining or backfilling of steep slope areas with processed tailings after completion of underground mining, thereby mitigating the likelihood of geological disasters at the source. In addition, we also carried out enhanced remediation for unstable slopes, and adopted various measures such as installing anti-slipping retaining walls and protective nets, and upgrading slope monitoring systems to enhance environmental safety, prevent soil erosion and mitigate impacts on the ecosystem.



Environmental, Social and Governance Report

Greening and rehabilitation

In accordance with the requirements of the Mine Geological Environment Protection and the Land Rehabilitation Program (《礦山地質環境保護與土地復墾方案》), we have carried out land rehabilitation on the +86m platform of the Songjiagou Open-Pit Mine and the surrounding area of DGZ Mine, with the cumulative area of 18.37 hectares as of 2025, among which, the greening and rehabilitation area in 2025 was 0.38 hectares.



Rehabilitation monitoring and maintenance

Rehabilitation monitoring and maintenance will continue throughout the period of the project and after the completion of the project.

Geological environment restoration

We have implemented the geological environmental protection in accordance with the requirements of the Mine Geological Environment Protection and Land Rehabilitation Program, and made contribution to the mine geological environment treatment and restoration fund in full and in a timely manner.

As our mining operations may trigger landslides or stripping, potentially threatening the growth of plants and animals and causing habitat degradation, we have taken measures to mitigate geological disasters, particularly targeting rainy season-triggered landslide problem. These include strict control of slope cutting during open pit mining or backfilling of steep slope areas with processed tailings after completion of underground mining.

In addition to complying with the requirements, we carried out slope protection for unstable slopes, and adopted various measures such as installing anti-slipping retaining walls and protective nets, and upgrading slope monitoring systems to enhance environmental safety, prevent soil erosion and mitigate negative impacts on the ecosystem.

During the Reporting Period, the Company strictly followed and implemented the approved land rehabilitation plan. During the Reporting Period, the Company fully complied with all applicable laws and regulations relating to environmental protection, received no notices or warnings for violating the PRC's environmental regulations, was not subject to investigation by competent authorities, and had no records of material fines or penalties.



Environmental, Social and Governance Report

OUR ENVIRONMENTAL AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group's ESG Working Group strictly performs its functions in accordance with the ESG Risk Management Work Plan, and adopts diverse strategies such as consolidating feedback from internal and external stakeholders to systematically identify potential risks related to ESG, with a key focus on the environmental and climate-related areas. Based on this, the ESG Working Group developed an ESG Risk Identification and Register to implement the list-based and dynamic management of all risks.

In risk identification, ESG Working Group concurrently identifies business development opportunities and reports work progress to the Board in line with regulations. To define the impact of various risks on the Group's operations, we have implemented a prioritisation process for the identified risks. Based on assessment results, we developed targeted response measures and regularly reviewed the implementation effectiveness of existing measures to ensure effective control and mitigation of relevant risks. For detailed information on risk management and internal control, please refer to the Corporate Governance Report section in the Group's Annual Report 2025.

Additionally, in February 2025, the Group formally established the Risk Management Committee and the ESG Committee to further enhance the Group's governance capabilities in risk management and climate change addressing.

The Group fully recognises that the potential risks associated with environmental and climate change may bring both financial and non-financial impacts to the Group's operations, and even lead to material losses. These risks fall into two main categories: on one hand, transition risks, covering adaptive challenges posed by policy and regulation adjustments, technological innovation upgrades and the evolution of market environment dynamics; on the other hand, physical risks, which are mainly caused by blizzards, hurricanes, floods, continuous high temperature and other extreme weather events, potentially exerting direct shocks on production facilities, operational sites and supply chain stability.

During the Reporting Period, certain required climate-related disclosures (including but not limited to quantified financial impact analyses, scenario analysis results, and specific transition and physical risk indicators) were not fully provided, and internal carbon pricing has not yet been adopted in the decision-making process. The reasons include: (i) current limitations in the Group's internal capabilities, data coverage, and modeling tools ("**Capabilities Relief**"); (ii) the inability to obtain reasonable and supportable information, such as industry benchmarks and emissions or climate risk data from investee companies, without incurring undue cost or effort ("**Reasonable Information Relief**"); and (iii) the absence of sufficiently reliable methodologies to quantify the financial impacts of climate-related risks and opportunities ("**Financial Effects Relief**"). The Group will continue to enhance data availability and climate risk assessment processes, and progressively expand the scope and depth of disclosures as relevant capabilities mature. During the Year, capital expenditures, financing, or investment amounts related to climate risks were relatively small and did not have a material impact on the Group.

Environmental, Social and Governance Report

Specific risks	Impact timeframe	Transition Risks		Main response measures
		Climate opportunities	Potential impacts	
Policy transition risks (dual carbon, dual control of energy consumption, environmental taxes, carbon market)	Short-term, medium-term, long-term	Advantages of green finance such as green loans and green bonds; energy conservation and emission reduction incentives, green mine subsidies	Rising compliance costs, carbon quota expenses, restricted project approval, hindered capacity expansion, declining investment returns	Establish a carbon management system, set goals and pathways for dual carbon, and implement layouts align with policies
Energy price volatility and dependence on high-carbon energy	Short-term, medium-term	Green power substitution reduces long-term energy costs; increasing the proportion of renewable energy improves ESG ratings	Unstable profitability, fluctuating electricity/fuel costs, high carbon footprint	Raise the proportion of green power usage, build distributed clean energy facilities, and carry out energy efficiency transformation
Backward technologies and processes (high carbon, high energy consumption, high emissions)	Medium-term, long-term	Low-carbon technology forms competitive barriers; cyanide-free gold extraction and smart mines improve efficiency and recovery rates	Risk of technological obsolescence, pressure from industry standards, insufficient competitiveness and sustainability	Promote cyanide-free gold extraction/smart mining, increase development investment in low carbon technologies, and improve resource utilisation efficiency
Shift of market and investor preferences towards low carbon	Short-term, medium-term, long-term	Excellent ESG performance brings valuation premium; easy access to long-term institutional investment	Rising financing costs, valuation discount, shareholder pressure, weak capital market performance	Disclose climate information in accordance with ISSB standards, set quantitative emission reduction targets, and strengthen board-level climate governance



Environmental, Social and Governance Report

Specific risks	Impact timeframe	Physical Risks		Main response measures
		Climate opportunities	Potential impacts	
Extreme weather (rainstorms, floods, mudslides, typhoons, landslides, etc.)	Short-term, medium-term	Green mine certification and ecological restoration subsidies; improved emergency management gains recognition from regulators and investors	Damage to mining areas/ tailings ponds, mine flooding, production interruption, asset impairment, surging restoration costs, compliance penalties	Strengthen flood control and drainage/slope reinforcement, establish meteorological early warning and emergency response plans, and optimise tailings pond monitoring
High temperatures, droughts and water shortages	Short-term, medium-term	Water conservation/ circular water use reduces costs; green water management improves ESG performance	Insufficient water use for processing, equipment overheating, capacity constraints, rising energy consumption costs, fire risks and environmental penalties	Construct circular water/ rainwater collection systems, promote water-saving processes, optimise water quota planning

We recognise that climate-related risks and opportunities may affect the Group's core businesses such as gold mining, processing, mineral product sales and mine ecological governance to different degrees now and in the future. As a company deeply engaged in the gold mining sector in the PRC, we well understand that climate change is not only a global issue, but also closely associated with the national "dual carbon" goals, mining industry green transformation policies, regional water and power supplies and mine ecological protection. While frequent extreme weather events in recent years have brought potential shocks to the mining industry chain, and the significant uncertainties surrounding climate change stemming from policy adjustments, green technology iteration, regional energy structure differences and mine resource endowments, we have always adopted scientific solutions in response.

To better understand and assess the potential impacts of climate risks, we have launched scenario analysis, strictly following the public scenarios stipulated in the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework. Priority is given to conducting scenario analysis on physical risks that exhibit broad potential impacts, have readily available external parameters, and feature mature internal business forecasting data. Meanwhile, taking into account the gold mining industry's traits of long production cycles and high reliance on the natural environment, we assess how climate-related physical and transition risks might affect the Company's business and operations under different climate scenarios. Our goal is to constantly enhance the Group's climate resilience, guarantee sustainable business development, and align with the core principles of "materiality, quantitativeness, balance, and consistency" for climate disclosure outlined in Appendix C2 to the Listing Rules. We adopt internationally mainstream climate models from the IPCC (Intergovernmental Panel on Climate Change), combining with public data on the distribution planning of mines in China, regional hydropower resource allocation, and green development policies of the gold industry. In this way and through climate scenario analysis, we comprehensively evaluate the short-, medium-, and long-term impacts of climate change on the Group's entire business chain, and effectively fulfill the regulatory responsibilities of the Board in respect of climate-related matters.

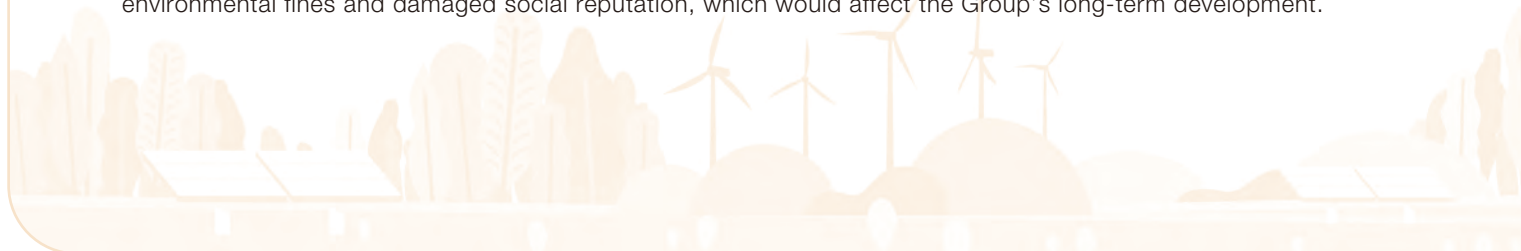
Environmental, Social and Governance Report

As for physical risks, the Group operates a portfolio of domestic gold mining bases and processing plants, with its business activities closely tied to regional water and power supplies, mountain ecological environment and transportation. This is highly associated with the industrial characteristics of the gold mining industry, namely “the combination of open-pit and underground mining operations, and significant water and electricity consumption in production processes”. However, thanks to our domestic mining bases being located in Shandong Province, the impact of regional extreme weather (e.g., local rainstorms and floods, high temperatures and droughts, heavy snow and freezing, mountain landslides) on the overall business is relatively limited. Historical data shows that previous extreme weather events have not inflicted substantial damage on the Group’s core businesses, and there have been no large-scale mine production halts, damage to mineral processing equipment, or interruptions to mineral product transportation, nor have any major environmental pollution incidents occurred.

Based on scenario analysis results and the production characteristics of the gold mining industry, future physical risks mainly lie in two aspects: first, direct damage to mining and mineral processing from extreme weather. For example, heavy rainfall causes mountain landslides and mudslides, halting open-pit operations and flooding underground mine shafts; severe rainstorms may trigger equipment short circuits in processing workshops. Heavy snow and freezing conditions disable mining equipment and block transportation roads, affecting ore conveying and mineral product outward transportation. High temperatures endanger on-site workers’ safety and reduce operational efficiency, and may also worsen regional power shortages, leading to production suspension at processing workshops. Second, the impact of extreme climate on water and power supplies. As gold processing consume large volumes of water, droughts will result in production water shortages for mines. Bases dependent on hydropower will face pressure of power outages and rising electricity costs. In the meantime, alternating droughts and rainstorms will exacerbate mine soil erosion and increase the difficulty of ecological governance.

Regarding transition risks, as a key player in China’s gold mining industry, we are operating amid a conventional industry with high energy consumption and high emissions, and facing tightening regulatory requirements for carbon emissions driven by the accelerated progress of “dual carbon” targets and the gradual expansion of carbon market coverage. At the same time, green mine construction has become a compulsory industry standard, with steadily rising investment in mine ecological remediation, energy conservation, emission reduction and clean energy replacement, and the pressure on the industry to pursue green transition continues to grow.

Our scenario analysis indicates that with the further expansion of domestic carbon market, gradual carbon price hikes, and the successive inclusion of the Group’s mining bases and processing workshops into the carbon accounting system, carbon emission costs are likely to emerge as a key component of our operating costs in the future. Meanwhile, as the standards for green mine construction are continuously raised and energy conservation and emission reduction policies are further tightened, failure to complete the green transition in a timely manner may expose the Group to risks such as restricted production permits, environmental fines and damaged social reputation, which would affect the Group’s long-term development.



Environmental, Social and Governance Report

The Group will face differentiated transition and physical risks under different climate scenarios in the future. However, backed by its long-term technological expertise in the gold mining sector, the flexible distribution of its mining bases, a robust environmental management system and proactive green transition initiatives, the Group boasts robust climate resilience, and is able to mitigate risks while seizing green development opportunities in the industry, and effectively fulfilling its ESG responsibilities.

Nevertheless, considering that tackling climate change is a long-term endeavour, and the gold mining sector features long production cycles and high asset fixity, climate risk impacts are lagged and cumulative. Climate policies, carbon accounting standards, green mine requirements and new energy subsidies across China may change dynamically, while uncertainties exist in power grid upgrading, green mining technology iteration and regional water resource changes. Also, international gold price volatility may also affect investment in green transition. Therefore, the actual climate scenarios and their effects on the Group's business will require continuous follow-up.

Accordingly, the Group will continue to deepen its presence in China's gold mining market, keep abreast of the national "dual carbon" goals and the green development plan for the mining industry, and strictly comply with the relevant requirements set out in Appendix C2 Environmental, Social and Governance Reporting Guide to the Listing Rules. We will monitor domestic climate, environmental and regulatory policy developments in real time, dynamically optimise our green transition strategy, and promote environmentally friendly production and operation models across the entire value chain – from mine exploration, mining, mineral processing and outsourced smelting to sales, and from the procurement of production materials to the recycling of waste ore and wastewater – to fully implement low carbon management and ecological protection responsibilities. Meanwhile, we will strengthen cooperation with government departments at all levels, industry associations, research institutions and industrial partners to jointly develop green mining technologies, energy-efficient mineral processing processes, and ecological rehabilitation schemes suitable for China's gold mining industry. We will also participate in formulating industry low carbon standards and green mine standards to support the coordinated decarbonisation of the mining industrial chain and promote the high-quality and sustainable development of China's gold mining sector. We will regularly disclose the management of climate-related risks and opportunities, as well as progress towards targets, subject to the supervision of shareholders and all sectors of society. Where necessary, we will seek independent assurance to enhance the credibility of disclosed information.



Environmental, Social and Governance Report

ENVIRONMENTAL INDICATORS

	2025 ¹	2024
Air emissions		
Nitrogen oxide (NOx) (tonnes)	8.103	9.127
Sulphur oxide (SOx) (tonnes)	0.085	0.089
Particulate matters (PM) (tonnes)	0.308	0.363
Greenhouse gases		
Greenhouse gas emission (Scope 1) (tCO ₂ -e)	5,025.720	5,272.090
Greenhouse gas emission (Scope 2) (tCO ₂ -e)	32,758.997	32,053.007
Greenhouse gas emission (Scope 3) (tCO ₂ -e) ²	8.576	N/A
Total greenhouse gas emission (Scope 1 and Scope 2) (tCO₂-e)	37,784.717	37,325.097
<i>Greenhouse gas emission intensity (Scope 1 and Scope 2)</i> <i>(tCO₂-e/kt production volume of processing plants)</i>	19.540	18.761
Total greenhouse gas emission (Scope 1, Scope 2 and Scope 3) (tCO₂-e)	37,793.293	N/A
<i>Greenhouse gas emission intensity (Scope 1, Scope 2 and Scope 3)</i> <i>(tCO₂-e/kt production volume of processing plants)</i>	19.544	N/A
Consumption of energy		
Direct energy		
Unleaded petrol (MWh)	751.260	570.393
Diesel (MWh)	17,394.326	21,105.356
Liquefied petroleum gas (MWh)	256.727	189.397
Solar energy consumption (MWh) ³	2,273.118	N/A
Indirect energy		
Consumption of purchased electricity (MWh)	52,914.293	50,005.021
Total consumption of energy (MWh)	73,589.724	71,870.167
<i>Energy intensity (MWh/kt production volume of processing plants)</i>	38.056	36.125
Hazardous waste		
Hazardous waste produced (tonnes)	0.883	1.519
<i>Hazardous waste intensity (tonnes/kt production volume of processing plants)</i>	0.0005	0.0008
Non-hazardous waste		
Non-hazardous waste produced (tonnes)	2,300,198.671	2,365,172.975
<i>Non-hazardous waste intensity (tonnes/kt production volume of processing plants)</i>	1,189.528	1,188.845
Packaging materials⁴	N/A	N/A
Water resources		
Total water consumption (m ³)	145,847.000	179,339.000
<i>Water consumption intensity (m³/kt production volume of processing plants)</i>	75.423	90.144

¹ Data of Yantai Mujin, which was newly acquired in February 2025, has been added to the reporting scope of this annual report, and therefore, such data is not feasible to be directly compared with that of the previous year.

² Data regarding indirect greenhouse gas emission (Scope 3) applicable to the Group's value chain has been added to the reporting scope for this year, which covers the emission data related to business travels.

³ Solar energy consumption newly reported for this year is derived from the data of Yantai Mujin, which was acquired in this year.

⁴ The Group's business does not involve the use of any packaging materials for finished products.

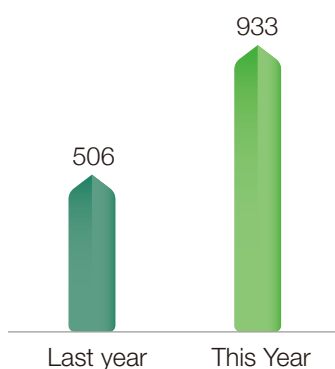
Environmental, Social and Governance Report

PEOPLE-ORIENTED

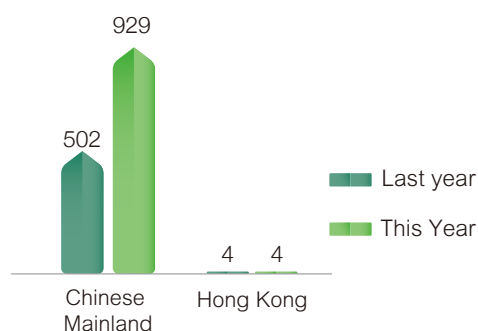
The Group strongly believes employees are our core assets in creating long-term business value, and are critical to maintaining our core competitiveness and driving our sustainable development. The Group's Human Resources Department is fully responsible for recruitment, daily management and professional training of employees, supported by a comprehensive human resources management system to ensure team stability and talent development. In 2025, the Group (including newly acquired Yantain Mujin) had a total of 933 employees (2024: 506 employees).

The tables below set forth detailed information on the Group's efforts in employee diversity as of the indicated dates:

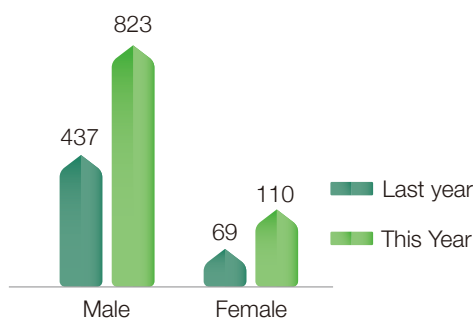
Total workforce (individual)



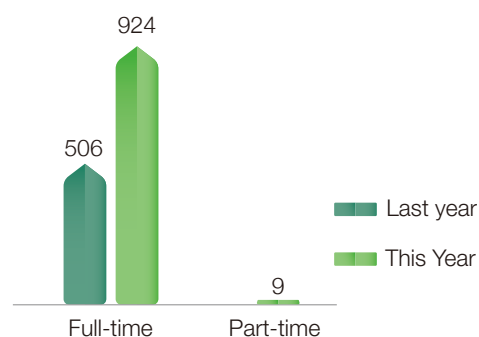
By region (individual)



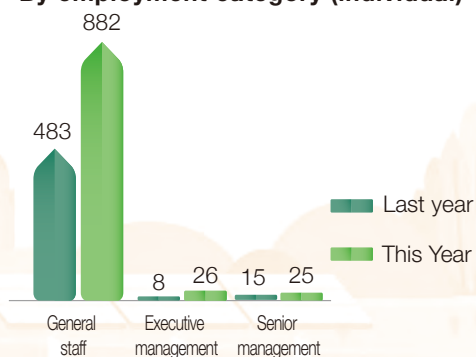
By gender (individual)



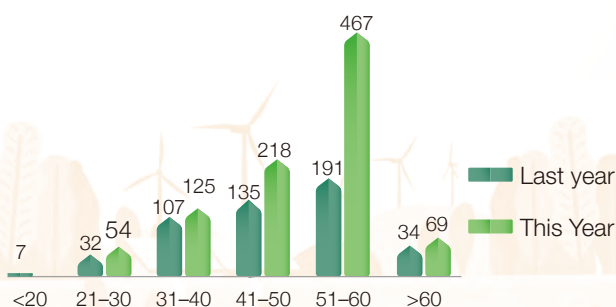
By employment type (individual)



By employment category (individual)



By age group (individual)



Environmental, Social and Governance Report

We strictly comply with the requirements of employment-related laws and regulations in the PRC, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Provisions on Prohibition of Using Child Labour (《禁止使用童工規定》), the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and the Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Work Injury Insurance Regulations (《工傷保險條例》), the Trade Union Law of the PRC (《中華人民共和國工會法》), the Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Regulations on Labour Security Supervision (《勞動保障監察條例》), the Special Provisions on Labour Protection of Female Employees (《女職工勞動保護特別規定》), and the Regulation on the Management of Housing Provident Fund (《住房公積金管理條例》).

To improve employment management system and ensure full compliance throughout the process, the Group has formulated and issued a series of special policies and documents on employment management, primarily including Human Resource Management System, Employee Handbook and Recruitment Norms and Procedures, etc., as well as various supporting frameworks covering compensation and benefits, and organisational management. These policies and documents systematically define basic management requirements such as compensation structure, dismissal procedures, recruitment and selection, promotion mechanism, management of working hours, vacation entitlements, and also emphasise core principles such as equal employment opportunities, diversified development and anti-discrimination. They fully standardise the implementation of employees' benefits and welfare, establishing a legal, fair and standardised employment management framework. During the Reporting Period, the Group strictly implemented various employment policies and requirements under relevant regulations. No material administrative penalties or fines were imposed as a result of our violation of employment-related laws or regulations.

To strictly comply with relevant provisions of the Labour Law of the PRC and adhere to the core principles of equal employment, the Group has established a diversified and open recruitment channel system, selecting outstanding talents mainly through recruitment websites, campus hiring and open market recruitment. Rather than merely meeting staffing needs, recruitment decisions are made based on a holistic assessment of business strategies, long-term development plans, industry trends, market competition and other factors, so as to ensure recruitment plans are highly consistent with corporate development objectives. In addition, to safeguard full compliance in recruitment, the Group adopts rigorous checks and verifications on applicants' information, particularly age, identity documents and other core information, to prevent illegal acts including child labour and forced labour at the source.

During the Reporting Period, the Group was not aware of any material violations of laws and regulations relating to child labour and forced labour, and the employment procedures for all employees complied with relevant national and local requirements.

The Group actively upholds the principle of equal opportunities in the workplace and strives to build diverse workforce. As clearly stipulated in the ESG Policies and Procedures Manual, the Group shall offer equal development opportunities for all employees throughout the employment management process, including recruitment, promotion and training, prohibits any discrimination based on factors such as age, gender, marital status, race, colour, nationality, religion or sexual orientation, so as to ensure fairness and inclusiveness in labour relations.

Environmental, Social and Governance Report

The Group places strong emphasis on building positive employee relations by offering competitive remuneration and benefits at levels not lower than statutory requirements, together with a safe working environment, thereby safeguarding human resources stability and corporate competitive advantages. We make full contributions to the employees' social insurance funds according to relevant laws, covering pension, medical, work injury, maternity and unemployment, and additionally provide benefits including free accommodation, medical insurance, staff meals and transportation allowance. Meanwhile, we retain talents through diversified strategies such as creating a work environment where our employees can fully utilise their strengths and enhancing their sense of belonging. During the Year, the employee turnover rate was 9%, approximately the same as in 2024 (9%).

Year	Employee turnover rate (%)	By gender (%)			By age group (%)					By region (%)	
	General	Male	Female	20 or below	21-30	31-40	41-50	51-60	60 or above	Chinese	
										Mainland	Hong Kong
This Year	9	10	4	0	33	13	5	4	28	9	0
Last year	9	10	3	14	22	8	6	10	6	9	0

CARE FOR OUR EMPLOYEES

The Group is committed to creating a high-quality, harmonious, collaborative, warm and friendly working environment. While encouraging employees to pursue excellence in their roles, the Group highly values their work-life balance needs. We regularly organise a diverse range of leisure, recreational and cultural activities, including team-building exercises, festive celebrations, knowledge seminars and sports events.

The Group provides a variety of sports facilities at its offices and work sites, such as staff clubs, to meet employees' daily exercise needs and support their physical and mental health. Meanwhile, colourful cultural and recreational activities as well as gatherings and dinners are regularly organised to mark key festivals including Women's Day, Mid-Autumn Festival and New Year. These events provide employees pleasant and relaxed platforms, effectively enhancing their job satisfaction and sense of belonging, further promoting teamwork efficiency and injecting positive impetus into the improvement of the Group's overall operational efficiency.



Environmental, Social and Governance Report



Staff Club



Environmental, Social and Governance Report



Benefits for Women's Day on 8 March



Benefits for Mid-Autumn Festival (15th of the 8th Lunar Month)



Environmental, Social and Governance Report

DEVELOPMENT AND TRAINING

The Group firmly believes that the personal growth and career development of its employees are the core driving forces for the organization to achieve its long-term strategic objectives. To this end, the Group is fully committed to creating diversified and systematic training and development platforms for its employees to help them continuously enhance their professional skills, broaden their knowledge horizon, develop excellent leadership skills, and achieve a strong alignment between personal value and corporate growth.

The Group plans and provides well-designed training courses covering technology, R&D, production operations, management and control, and other fields to meet the capability development needs of its employees in different positions. At the same time, the Group encourages its employees to actively participate in external exchange activities such as high-end industry seminars and professional academic conferences to keep abreast of the cutting-edge industry technologies and development trends. The Group has always advocated a corporate culture of learning for all employees, guiding employees to fully seize various learning opportunities to achieve comprehensive upgrading of their personal qualities and professional capabilities. Ultimately, this will gather team synergy and drive the Group to achieve sustainable development and long-term prosperity. We are committed to creating an open, inclusive and supportive learning and work environment, advocating that team members learn from each other, support each other, move forward hand in hand, and jointly strive toward the established goals.

In terms of construction of the talent training system, the Group places particular emphasis on full-cycle training coverage. On the one hand, it strengthens induction training for new employees to help them quickly integrate into the corporate culture and master basic job skills; on the other hand, it formulates annual systematic and regular training plans for on-the-job employees to establish a continuous growth mechanism. The training programs focus on enhancing the core capabilities of the management and technical staff. Through a carefully selected curriculum system, it targets and enhances their technical expertise and professional competence, helping them better match job requirements and assume management and technical responsibilities. Meanwhile, the Group actively builds external learning channels for employees and provides rich external training opportunities, effectively broadening their knowledge and industry horizons.

It is worth emphasizing that safety training is one of the core modules within the Group's training system. Whether it is the foundational safety training provided prior to employment or the continuous safety reinforcement training conducted during the period of employment, both focus on core content such as the safe use of machinery and equipment and the efficient execution of work tasks. This ensures all employees proficiently master safety protocols and strictly implement safety requirements, achieving the organic integration of safe production and efficient work.



Environmental, Social and Governance Report

During the Year, the Group also conducted training on new ESG reporting regulations, communicating the latest ESG disclosure requirements and trends (such as the gradual disclosure of Scope 3 data starting the Year) to Directors, senior management, and employees. Respective departments were instructed to disseminate the key takeaways from the meeting, fully support ESG disclosure and assessment for listed companies, and complete annual ESG tasks to high standards. Additionally, the Group established its 2025 goals for optimizing environmental, social, and governance management, while introducing new assessment criteria for managers covering energy conservation, environmental protection, community responsibility, anti-corruption, and business ethics.

The total training hours for the employees of the Group during the Year reached 2,112.2 hours (2024: 3,300.5 hours).

Year	Proportion of trained employees (%)	By gender (%)		By employee category (%)		
		Male	Female	Senior management	Executive management	General staff
This Year	59	93	7	1	4	95
Last year	20	86	14	3	6	91

Year	Total training hours of employees (hours)	Average training hours of employees ⁵ (hours)	By gender (hours)		By employee category (hours)		
			Male	Female	Senior management	Executive management	General staff
This Year	2,112.2	2.26	2.45	0.88	10.57	8.54	1.84
Last year	3,300.5	6.52	7.22	2.13	4.23	30.63	6.19

We have formally established a trade union in China for all Chinese employees, which aims to fully protect the legitimate rights and interests of each employee. By effectively handling employees' various problems at work, including receiving their grievances, listening to them and giving them feedback on their work, our trade union not only provides a strong backing for employees, but also greatly contributes to the enhancement of the company's operational efficiency and the harmony of the working environment. During the Reporting Period, we are pleased to note that there were no significant labour grievances or labour disputes affecting operations within the Group, while we have achieved significant results in attracting and retaining experienced employees without any notable challenges.

⁵ With reference to the calculation of social KPIs as stipulated in "How to Prepare an ESG Report" published by the Stock Exchange, the training data of employees are based on the number of employees as of the end of the Reporting Period, to illustrate the ratio of employees to trained employees by category.

Environmental, Social and Governance Report

Looking ahead, the Group will uphold a “people-oriented” development philosophy, continuously enhancing the employee growth and career development support system. By optimizing team structures and improving organizational efficiency, the Group will ensure systematic advancement in every employee’s professional capabilities and career competencies. We firmly believe that substantial investment in human resources and team building is not only an intrinsic requirement for fulfilling corporate social responsibility but also a critical foundation for achieving long-term commercial value and building sustainable competitive advantages.

OCCUPATIONAL HEALTH AND SAFETY

We operate our business in a highly responsible manner to ensure the health and safety of our employees, subcontractors and the communities in which we operate. To this end, we have implemented a series of occupational health and safety-related policies, including the Employee Safety Manual (《員工安全手冊》), the Safety Production Rules and Regulations (《安全生產規章制度》) and the Safety Production Responsibility System (《安全生產責任制》) and other policies, which set out in detail the procedures for handling hazardous substances in the workplace, the operational protocols for high-risk processes and related safety production measures, with the aim of effectively minimizing the risk of accidents occurring in the course of work. At the same time, in order to maintain the physical and mental health of our employees, we have formulated special systems such as the Occupational Hygiene Management System (《職業衛生管理制度》) and the Occupational Disease Prevention and Control Responsibility System (《職業病防治責任制》) to ensure the cleanliness and hygiene of the working environment, thereby maintaining good employee health.

Given the complex operating environment of the mines operated by the Group’s subsidiaries, the Group has established a full-coverage occupational health and safety management system supported by standardized operating procedures. It has focused on strengthening the control of high-risk links including rock drilling, transportation, ventilation, explosives storage and fire and flood prevention, and formulated refined safety measures for mining operations, explosion safety, material transportation and other fields. The Group has always conducted production and operation in strict compliance with regulatory standards, fully complying with top-level laws and regulations such as the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Law of the People’s Republic of China on Safety in Mines (《中華人民共和國礦山安全法》).

The Group’s mines including the Songjiagou Open-Pit Mine, Songjiagou Underground Mine and DGZ Mine have all obtained production safety permits, which substantively validates the effectiveness of production safety. At the same time, we have also obtained a safety permit for our tailings dam, and we have established an online monitoring system, which realizes the functions of displacement monitoring, leach line monitoring and safety alarms, comprehensively enhancing our safety management capacity. Every year, the Group conducts comprehensive production safety inspections of underground mines to identify and rectify potential safety hazards in a timely manner. In February 2025, the Provincial Department of Emergency Management, together with the Shandong Bureau of the National Mine Safety Administration and a number of experts, carried out an “audit-style” inspection on the Yantai Mujin Mine area. In April and June of the same year, the government authorities inspected the tailings pond of Yantai Zhongjia and the Songjiagou Mine Area respectively. In response to the problems and potential hazards identified during the inspections, the two subsidiaries under the Group have formulated relevant measures and completed rectification, and submitted rectification reports to the relevant government safety authorities.

Environmental, Social and Governance Report

In terms of employee safety training, the Group has always been committed to building a comprehensive and normalized safety education system to ensure that all employees fully master the necessary safety operation skills and occupational health protection knowledge for their positions. We regularly provide modular and diverse safety training courses for all employees, which cover safety operation procedures for various positions and provide in-depth interpretation of relevant laws, regulations and practical points on occupational safety and health, aiming to systematically enhance employees' safety awareness and self-protection capabilities. The Group organizes annual assessments on occupational safety knowledge to test employees' mastery of relevant knowledge, and guides employees to establish a philosophy of lifelong learning to continuously consolidate their safety quality. During the Year, the key trainings are as follows:

Safety Regulations and Rules

- | | |
|--|--|
| ◆ Post-holiday Return-to-work Training | ◆ Production Safety Responsibility System Training |
| ◆ Occupational Health Education and Training | ◆ Position-Specific Safety Operating Procedures Training |

Safety Training and Education

- | | |
|---|---|
| ◆ Safety Education and Training for All Staff | ◆ Warning Education Training |
| ◆ Regular Production Safety Meeting | ◆ Hazardous Waste Environmental Protection Training |

Professional Training

- | | |
|---|--|
| ◆ Criteria for Determination of Major Accident Hazards | ◆ Knowledge of the Four Winter Precautions |
| ◆ Use of Self-rescuer and Compressed Air Self-rescue Device | ◆ Emergency Knowledge Training |



Emergency Knowledge Training

Environmental, Social and Governance Report



Training on Knowledge of the Four Winter Precautions



Safety Education and Training for All Staff

The Group attaches great importance to the safety training of new employees. Before starting work, every new employee is required to receive systematic pre-employment safety and occupational health training, covering workplace safety regulations, standard operating procedures, occupational health standards and various detailed implementation guidelines to ensure that new employees can quickly adapt to and integrate into a production environment that adheres to safety standards. In addition, with the introduction of new materials, new processes or new equipment, the Group fully identifies their potential safety risks and provides customized safety training to employees in relevant positions, so as to ensure that employees are proficient in the operation specifications of new technologies and equipment and fully understand the corresponding risk prevention points, so as to eliminate safety accidents at the source.

Environmental, Social and Governance Report

In terms of subcontractor management, the Group insists on high standards and stringent requirements. All subcontractors must possess appropriate production safety qualifications before signing a contract to ensure their capability to perform obligations and meet safety guarantee conditions. The Group provides regular safety training to its subcontractors to help them improve their safety management standards. In the course of cooperation, the safety division, production technology department and other departments conduct strict supervision over subcontractors to promote the full implementation of all safety measures and jointly create a safe and stable production environment.

Year	2025	2024	2023
Number of work-related fatalities	1⁶	0	0
Rate of work-related fatalities (%)	0.11	0	0
Number of work-related accidents	20⁷	3	0
Working days lost due to work-related accidents	2,235⁸	330	0

During the Reporting Period, an accident occurred at the Group's Yantai Mujin DGZ Mine area, which unfortunately resulted in the death of one employee. Following the accident, the Company immediately activated the relevant emergency plan, organized on-site emergency rescue and evacuation, transported the injured to hospital for emergency treatment, reported the accident to the local Emergency Management Bureau and the National Mine Safety Administration, and suspended production and operations under the guidance of the Emergency Management Bureau.

After suspension of production and operations, the Shandong Bureau of the National Mine Safety Administration carried out an "on-site spot inspection on mine safety" at the DGZ Mine area and issued the Non-Coal Mine Safety On-Site Spot Inspection Record, pointing out the existing problems in the mine. The Company held serious discussions and analyses on the problems identified in the inspection, formulated a detailed rectification plan with clear responsible persons, timelines and rectification measures, and developed a reliable rectification report and the Safety Inspection Problem Rectification Ledger.

⁶ During the year, there was an accident where an employee's right leg was broken by loose rock while working, and subsequently died after rescue efforts failed. The accident was attributed to Yantai Mujin, which was newly acquired in this year.

⁷ Yantai Mujin, which was newly acquired in February 2025, has been added to the reporting scope of this annual report, and therefore, the number of work-related accidents significantly increased compared with that of the previous year.

⁸ Yantai Mujin, which was newly acquired in February 2025, has been added to the reporting scope of this annual report, and therefore, the working days lost due to work-related accidents significantly increased compared with that of the previous year.

Environmental, Social and Governance Report

After the relevant persons in charge of the Company completed the rectification of the problems pointed out by the Administration with a rigorous and earnest attitude, the Emergency Management Bureau of Muping District, Yantai City conducted an emergency re-inspection on the mine safety rectification on September 26. Following a joint re-inspection by multiple departments, the DGZ Mine area was confirmed to meet the conditions for safe production and was therefore allowed to resume work and production. In the wake of this incident, the Company has adopted an even more serious attitude toward safety and arranged various safety training programs on multiple occasions to prevent the recurrence of similar accidents.

ANTI-CORRUPTION, ANTI-BRIBERY AND ANTI-MONEY LAUNDERING

For the Group, integrity is not only a core value of its corporate culture but also a crucial cornerstone for driving sustainable business development. Therefore, the Group remains unwavering in its commitment to upholding the highest standards of integrity, resolutely opposing any form of violations of laws and disciplines, including corruption, bribery, and money laundering. We strictly comply with relevant regulations and laws, including but not limited to the Prevention of Bribery Ordinance (《防止賄賂條例》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), etc..

We also put in place a set of anti-corruption, bribery and money laundering policies, including the Anti-Corruption, Bribery and Fraud Management System (《反貪污、賄賂、舞弊管理制度》) and the Anti-Money Laundering Management System (《打擊洗錢活動管理制度》), which set out measures for preventing, reporting, investigating and training on corruption and money laundering to guide and supervise our staff to prevent corrupt practices. Some of the internal control measures are as follows:

- Staff are required to declare any conflicts of interests when performing their duties
- We perform background search for the candidates of key position, to assess his/her integrity level during the recruitment process and maintain the record for future reference
- We put in place a reporting mechanism for any suspected misconduct
- For any suspected misconduct identified or reported, relevant department will perform assessment and/or investigations against any suspected or illegal behaviour to protect the Group's interests
- All receipts must be performed through the Company's bank accounts and no cash receipt is allowed to mitigate the risk in money laundering
- Finance manager is responsible for ensuring that all receipts are from our client's company account and match the bank information of our record

Environmental, Social and Governance Report

- Where any crime related to corruption, bribery or money laundering is substantiated by the Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary or after seeking for legal advice
- Training will be arranged for staff (including the Directors) to enhance their awareness towards anti-corruption, bribery and money laundering

For reported clues that meet the acceptance criteria, the Group has established a standardized handling process: first, a joint working group consisting of the legal department and the human resources department conducts preliminary verification and information recording based on the urgency and scope of impact of the reported matter. Upon in-depth investigation and verification confirming the existence of fraudulent activities, multi-dimensional disposal measures will be initiated immediately: First, conduct an investigation and assessment of internal control vulnerabilities in the affected departments, issue rectification notices and follow up on implementation; Second, in accordance with the Company's rules and regulations, impose corresponding administrative disciplinary sanctions on the employees involved and recover the economic losses caused by them. If the fraudulent activities constitute illegal crimes, the Group will strictly follow legal procedures and, with the professional support of legal counsel, promptly transfer the relevant clues and investigation materials to public security, procuratorial and other law enforcement agencies to pursue criminal liability in accordance with the law.

In 2025, the Group specifically organized special training on the anti-money laundering, anti-corruption, anti-bribery and anti-fraud management systems for all employees and members of the Board of Directors, and simultaneously issued relevant system documents for all personnel to study, ensuring full coverage and full awareness of compliance requirements.

During the Reporting Period, the Group was not involved in any irregularities related to bribery, extortion, fraud and money laundering, and there were no concluded legal proceedings against the Group or its employees for corruption.



Environmental, Social and Governance Report

SUPPLY CHAIN MANAGEMENT

Adopting efficient management practices and carefully selecting suppliers are our key strategies for reducing operational risks and enhancing production quality. We place great emphasis on establishing and maintaining long-term and stable relationships with our suppliers. When procuring materials and services, we adhere to the principles of fairness and openness to ensure the transparency and impartiality of the procurement process. To this end, we have established a comprehensive procurement management system for materials and equipment, which covers various aspects such as tendering, procurement procedures, internal review, and monitoring processes, providing clear guidelines for practical operations.

In the selection of suppliers, we have established a rigorous screening mechanism. Only suppliers that have undergone comprehensive and stringent evaluations and demonstrate potential for co-operation are included in the Register of Qualified Suppliers. We insist on partnering with reputable suppliers that offer high-quality products and services and share the same ethical values and standards as ours. Additionally, we actively support and encourage suppliers to enhance resource utilization efficiency, promote environmental practices, and fulfill social responsibilities, working together to advance sustainable development.

As of 2025, the Company had a total of 27 major suppliers (2024: 17), all located in China. This geographical concentration not only reduces transportation distances but also effectively minimizes carbon emissions generated during the procurement process, reflecting our commitment to environmental protection.

With stable product quality control and supply chain risk prevention as our core objectives, we have established a dynamic supervision and regular performance evaluation mechanism for qualified suppliers to fully mitigate supply chain risks. Should a supplier be involved in integrity issues such as corruption, fraud or breach of contract, the cooperation will be terminated immediately. In procurement, we give priority to suppliers with high-efficiency products, advanced technologies, excellent quality and strict safety and compliance standards, which not only supports energy conservation and emission reduction and reduces environmental impacts, but also ensures that our products and services maintain industry-leading advantages.

During the Reporting Period, the Company further optimized its supplier evaluation system by gradually integrating indicators such as environmental risk control and social responsibility performance into the criteria for supplier selection and renewal evaluation, enabling a multi-dimensional and comprehensive assessment of partners' capabilities in sustainable development, ethical operation and social responsibility contribution. With the strategic goal of building a green and sustainable supply chain, we actively cooperate with outstanding partners in environmental protection and social responsibility, pool synergies between upstream and downstream industries, and jointly foster a new pattern of green, low-carbon and sustainable industrial development.



Environmental, Social and Governance Report

PRODUCT RESPONSIBILITY

The Company steadfastly adheres to the core value of quality first, solemnly committing to providing customers with exceptional products and services to ensure continuous improvement in customer satisfaction. We fully understand that effectively addressing customer complaints and consistently enhancing service levels are key to earning customer trust. To this end, we not only strictly comply with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Basic Standards for Work Safety Standardization of Enterprises (《企業安全生產標準化基本規範》), and all industry standards and laws and regulations, but also establish a series of stringent product quality review protocols based on these requirements. Additionally, we conduct regular and meticulous inspections of product quality to ensure that every aspect meets the required standards.

We spare no effort in safeguarding intellectual property. We have established the Intellectual Property and Patent Management System (《知識產權及專利管理制度》) to comprehensively protect our own intellectual property, while also fully respecting the intellectual property rights of third parties. In the past, we issued the Notice of Prohibition on the Use of Pirated Software (《禁止使用盜版軟件的公告》) and conducted specialized inspections of all office computers within the Company to convey management's strong emphasis on intellectual property protection to all employees. We encourage employees to voluntarily comply with intellectual property laws and regulations, refrain from using pirated software, and conduct compliance reviews of software installed on personal computers. Additionally, management regularly organizes intellectual property training sessions to enhance employees' awareness of intellectual property protection. During the Reporting Period, we did not receive any complaints or reports of incidents related to intellectual property violations.

As for product quality verification and recall, the Group is not directly involved in product quality issues as the Group mainly produces gold concentrates, which is a raw material, while the processing and sales are handled by third-party companies. Similarly, since our products are not sold directly to end-consumers, there are no consumer data protection and privacy issues involved.

In addition, we are also committed to providing customers with accurate product information and high-quality products, and have established a comprehensive product recall policy and after-sales service system. If any product issues are identified, we promptly communicate with customers and actively seek mutually satisfactory solutions. After handling customer complaints, we maintain proper records and collaborate with relevant departments to analyze the causes of complaints and formulate improvement measures to prevent similar complaints from recurring. Through these efforts, our service quality has been continuously enhanced. During the Reporting Period, we did not receive any complaints related to product quality, health, or safety, nor any product recall cases or notifications of legal or regulatory violations, which fully demonstrates our outstanding performance in quality management and customer service.



Environmental, Social and Governance Report

COMMUNITY INVESTMENT

The Group is deeply aware of the significance of corporate social responsibility, and remains steadfast in our commitment to giving back to the local communities, taking concrete actions to support their high-quality prosperity and development. Looking ahead, we will continue to expand our channels for community care and support, with a key focus on promoting employees' participation in community volunteer activities to fulfill our social responsibilities through practical actions and foster a positive and uplifting corporate culture.

In the process of supporting community development, the Group consistently invests in surrounding villages, delivering tangible benefits to local residents through concrete measures and maintaining harmonious and friendly relationships with the villagers. Considering that our mining and production activities may have some impact on nearby villagers, we have implemented a villager dividend compensation plan since 2012, providing monetary compensation to participating villagers on a quarterly basis in appreciation of their understanding and support. During the Reporting Period, we also provided financial support for livelihood projects in the community, such as tap water works and elevator inspection and maintenance, which have tangibly improved the quality of life for the villagers.

Regional economic development is a vital aspect of our contributions to the local communities. We provide various employment opportunities to villagers in nearby villages, including truck drivers, as well as mining and mineral processing workers, which effectively boost local employment rate.



Environmental, Social and Governance Report

While engaging in charitable donations, the Group has also continued to care for community groups. During the Reporting Period, the Group organized employees to distribute welfare benefits and daily necessities to local villagers.



Distribution of daily necessities to local villagers

The steady development of the Group would not be possible without the support of all sectors of society. Therefore, the Group insists on giving back to the community through concrete actions to contribute to social development. With the vision of “social harmony and good-neighbourly relations”, we aim to build a harmonious community together with our employees. Despite facing pressures from the economic downturn, the Group remains fully committed to fulfilling its social responsibilities through diverse initiatives.

Independent Auditor's Report



Independent auditor's report

To the shareholders of Persistence Gold Group Ltd

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Persistence Gold Group Ltd (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 128 to 212, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition</i> The Group recorded revenue amounting to RMB628,798,000 for the year ended 31 December 2025. The Group is principally engaged in gold exploration, mining and processing. The revenue was generated from sales of gold bullion smelted and refined by third party smelters derived from gold concentrate produced by the Group. Revenue was recognised at the point in time when control of the gold bullion has been transferred to the customers. We identified the revenue recognition as a key audit matter because revenue recognised involved significant amount of transaction and significant to the financial performance and consolidated financial statements to the Group. The related disclosures are set out in notes 2.4 and 5 to the consolidated financial statements.	Audit procedures we performed, among others, including the following: We obtained an understanding and evaluated the process and internal controls of the revenue cycle of the Group. On a sample basis, we reviewed the terms of sales contracts and evaluated the accounting policies on revenue recognition adopted by the Group. On a sample basis, we performed tests of details for revenue recognition including but not limited to delivery notes, cash receipt, as well as the above supporting documents for revenue recognised before and after end of reporting period. We performed analytical review by comparing sales prices with market prices. We obtained the sales confirmation from the customer. We evaluated the appropriateness and adequacy of the disclosure relating revenue recognised in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill</i> As at 31 December 2025, the Group recorded goodwill of RMB36,508,000. Under IFRS Accounting Standard 36 "Impairment of Assets", the Group is required to perform impairment tests for goodwill annually and whenever there is an indication that a cash-generating unit ("CGU") to which these assets have been allocated may be impaired. Management performed impairment tests on goodwill by using future discounted cash flow models as at 31 December 2025. This was considered as a key audit matter because the assessment was complex involved significant judgements and assumptions such as the budgeted gross margins and discount rate. The related disclosures are set out in notes 2.4, 3 and 15 to the consolidated financial statements.	Audit procedures we performed, among others, including the following: We evaluated the competence, capabilities and objectivity of the independent qualified professional valuer engaged by management. We reviewed the basis of preparation by the Company's management of the forecasts used for the impairment tests for goodwill. We involved our internal valuation specialist to assist us in reviewing the methodology and certain assumptions adopted in the assessment of impairment of goodwill. We also reviewed management's assessment of the sensitivity of the Group's impairment model to reasonably possible changes and considered the adequacy of the disclosures of impairment testing in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements, that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheung (practising certificate number: P04900).

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	628,798	499,505
Cost of sales		(297,420)	(245,746)
Gross profit		331,378	253,759
Other income and gains	5	18,408	19,703
Administrative expenses		(76,433)	(55,497)
Other expenses		(21,627)	(1,699)
Finance costs	7	(8,846)	(2,457)
PROFIT BEFORE TAX	6	242,880	213,809
Income tax expense	10	(98,548)	(67,201)
PROFIT FOR THE YEAR		144,332	146,608
Attributable to:			
Owners of the parent		110,647	104,760
Non-controlling interests		33,685	41,848
		144,332	146,608

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operation		12,011	(7,261)
		12,011	(7,261)
<i>Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of financial statements of the Company		(27,604)	11,999
		(27,604)	11,999
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(15,593)	4,738
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		128,739	151,346
Attributable to:			
Owners of the parent		95,054	109,498
Non-controlling interests		33,685	41,848
		128,739	151,346
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	RMB5.30cents	RMB5.24cents

Consolidated Statement of Financial Position

31 December 2025

		As at 31 December	
	Notes	2025	2024
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	565,721	343,899
Right-of-use assets	14(a)	133,439	105,051
Intangible assets	16	375,740	110,341
Deferred tax assets	17	8,638	8,015
Other long-term assets	18	5,584	265
Goodwill	15	36,508	–
Total non-current assets		1,125,630	567,571
CURRENT ASSETS			
Inventories	19	30,583	18,040
Prepayments, other receivables and other assets	20	9,209	8,540
Restricted and pledged bank deposits	21	34,906	21,212
Cash and cash equivalents	21	1,092,630	639,599
Total current assets		1,167,328	687,391
CURRENT LIABILITIES			
Trade payables	22	17,933	11,501
Other payables and accruals	23	84,285	23,826
Interest-bearing bank and other borrowings	25	168,472	–
Lease liabilities	14(b)	163	638
Tax payable		105,032	93,746
Provision	24	1,223	2,296
Current portion of other long-term liabilities	26	20,064	7,369
Total current liabilities		397,172	139,376
NET CURRENT ASSETS		770,156	548,015
TOTAL ASSETS LESS CURRENT LIABILITIES		1,895,786	1,115,586

Consolidated Statement of Financial Position

31 December 2025

	Notes	As at 31 December	
		2025	2024
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	75,770	–
Provision	24	52,049	27,299
Other long-term liabilities	26	64,012	17,510
Deferred tax liabilities	17	102,936	17,210
Lease liabilities	14(b)	391	108
Total non-current liabilities		295,158	62,127
NET ASSETS		1,600,628	1,053,459
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	21,839	18,172
Reserves	29	1,338,806	865,292
		1,360,645	883,464
Non-controlling interests		239,983	169,995
TOTAL EQUITY		1,600,628	1,053,459

SHAO Xuxin
Director

CHEN Zhuping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Statutory surplus reserve*	Special reserve*	Exchange fluctuation reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(note 27)	(note 27)	(note 29)	(note 29)	(note 29)					
At 1 January 2024	18,172	214,663	370,792	46,720	-	11,722	165,719	827,788	148,147	975,935
Profit for the year	-	-	-	-	-	-	104,760	104,760	41,848	146,608
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	4,738	-	4,738	-	4,738
Total comprehensive income for the year	-	-	-	-	-	4,738	104,760	109,498	41,848	151,346
Transfer from retained profits	-	-	-	16,739	-	-	(16,739)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Dividend declared	-	-	-	-	-	-	(53,822)	(53,822)	-	(53,822)
Capital injection by non-controlling equity holders	-	-	-	-	-	-	-	-	10,000	10,000
Provision of safety fund surplus reserve	-	-	-	-	2,371	-	(2,371)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(2,371)	-	2,371	-	-	-
Transfer from capital reserve	-	-	(9,260)	-	-	-	9,260	-	-	-
As at 31 December 2024	18,172	214,663	361,532	63,459	-	16,460	209,178	883,464	169,995	1,053,459

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent										
									Non-		Total equity
	Share capital	Share premium*	Capital reserve *	Statutory surplus reserve *	Share-based payment reserve*	Special reserve*	Exchange fluctuation reserve*	Retained profits*	Total	controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(note 27)	(note 27)	(note 29)	(note 29)	(note 29)	(note 29)	(note 29)					
At 1 January 2025	18,172	214,663	361,532	63,459	-	-	16,460	209,178	883,464	169,995	1,053,459
Profit for the year	-	-	-	-	-	-	-	110,647	110,647	33,685	144,332
Other comprehensive income for the year:											
Exchange differences on translation of foreign operation	-	-	-	-	-	-	(15,593)	-	(15,593)	-	(15,593)
Total comprehensive income for the year	-	-	-	-	-	-	(15,593)	110,647	95,054	33,685	128,739
Transfer from retained profits	-	-	-	15,659	-	-	-	(15,659)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(25,000)	(25,000)
Issue of shares	3,667	436,042	-	-	-	-	-	-	439,709	-	439,709
Share issue expenses	-	(7,027)	-	-	-	-	-	-	(7,027)	-	(7,027)
Dividend declared	-	-	-	-	-	-	-	(54,738)	(54,738)	-	(54,738)
Capital injection by non-controlling equity holders	-	-	-	-	-	-	-	-	-	19,294	19,294
Equity-settled share option arrangements	-	-	-	-	4,183	-	-	-	4,183	109	4,292
Provision of safety fund surplus reserve	-	-	-	-	-	2,091	-	(2,091)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	-	(2,091)	-	2,091	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	41,900	41,900
As at 31 December 2025	21,839	643,678	361,532	79,118	4,183	-	867	249,428	1,360,645	239,983	1,600,628

* These reserve accounts represent the total consolidated reserves of RMB1,338,806,000 (2024: RMB865,292,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		242,880	213,809
Adjustments for:			
Finance costs	7	8,846	2,457
Loss/(gain) on disposal of items of property, plant and equipment	6	10,730	(12)
Equity-settled share option expense	28	4,292	–
Write-down of inventories to net realisable values	6	1,097	–
Depreciation of property, plant and equipment	13	58,690	44,000
Depreciation of right-of-use assets	14	10,916	9,706
Amortisation of intangible assets	16	7,101	7,502
		344,552	277,462
(Increase)/decrease in inventories		(3,326)	3,781
Decrease in prepayments, other receivables and other assets		22,003	4,901
(Decrease)/increase in trade payables		(4,670)	1,228
Increase in restricted and pledged bank deposits		(1,640)	(1,980)
Increase in other payables and accruals		(61,506)	(1,783)
Cash generated from operations		295,413	283,609
Tax paid		(79,553)	(72,358)
Net cash flows from operating activities		215,860	211,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(116,610)	(42,547)
Proceeds from disposal of items of property, plant and equipment		–	12
Additions to intangible assets		(19,527)	(6,300)
Additions to right-of-use assets		–	(2,609)
Acquisition of a subsidiary		(6,708)	–
Deposit paid for acquisition of a subsidiary		–	(5,540)
Net cash flows used in investing activities		(142,845)	(56,984)

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		439,709	—
Share issue expenses		(7,027)	(936)
Repayment of other long-term liabilities		(1,069)	(1,069)
New bank loans		204,410	—
Repayment of bank and other loans		(174,703)	(30,000)
Interest paid		(4,434)	(813)
Dividends paid		(54,738)	(53,822)
Dividends paid to non-controlling interests		(25,000)	(30,000)
Contribution from non-controlling shareholders		19,294	10,000
Principal portion of lease payments		(810)	(542)
Net cash flows from/(used in) financing activities		395,632	(107,182)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		639,599	586,840
Effects of exchange rate changes on cash and cash equivalents		(15,616)	4,738
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,092,630	639,599
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	644,851	492,124
Time deposits	21	482,685	168,687
Cash and cash equivalents as stated in the statement of financial position		1,127,536	660,811
Less: Restricted and pledged bank deposits	21	(34,906)	(21,212)
Cash and cash equivalents as stated in the statement of cash flows		1,092,630	639,599

Notes to the Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Persistence Gold 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 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	US\$50,000	100%	–	Investment holding
PRG Res Holding 1 Ltd.	British Virgin Islands	US\$50,000	100%	–	Investment holding
PRG Res Holding 2 Ltd.	British Virgin Islands	US\$50,000	100%	–	Investment holding
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. (“ Yantai Zhongjia ”)	PRC/Chinese mainland	RMB228,706,000	–	75%	Mining, processing and sales of gold
PRG Res HK 1 Limited	Hong Kong	HK\$1	–	100%	Investment holding
PRG Res HK 2 Limited	Hong Kong	HK\$1	–	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 the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes to the Consolidated Financial Statements

31 December 2025

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. 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 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

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 amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. 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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING 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 Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<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/reporting 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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* 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 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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 IFRS Accounting 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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to Group or to the parent of the Group.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or using the units of production (“UOP”) basis to write off the cost of the asset proportionately to the value obtained from the extraction of the proven and probable mineral reserves.

The estimated useful life of property, plant and equipment are as follows:

Buildings	5% to 16.67%
Plant and machinery	5% to 20%
Office equipment, and electronic and other devices	16.67% to 33.33%
Motor vehicles	8.33% to 25%
Mining infrastructure	Unit-of-production method
Leasehold improvements	Over the shorter of the lease terms and 5%

Included in property, plant and equipment is mining infrastructure located at the mining sites. Depreciation is provided to write off the cost of the mining infrastructure using the UOP method based on the indicated mineral resources.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Exploration and development costs

Exploration and development costs are recognised as other non-current assets – at the net amount of cost less impairment. Exploration expenditure includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mineral reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plan of the entity concerned and the indicated resources of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 to 70 years
Buildings	2 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, other long-term liabilities, interest-bearing bank and other borrowings and lease liabilities.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, other long-term liabilities, and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

Provisions for the Group's obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the rules and regulations of the Chinese mainland. The obligation generally arises when an asset is installed or the ground environment is disturbed at the production location. The Group estimates its liabilities for the final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, and discounted that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure.

Over time, the discounted liability is increased for the change in the present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within finance costs in profit or loss. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are set out in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the Chinese mainland. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The Group also operates a defined contribution mandatory provident fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in RMB. The Company's functional currency is Hong Kong dollars. The Group's operation is mainly carried out in Chinese mainland and it is more appropriate to present the financial information in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the weighted average exchange rates for the year of the cash flows. Frequently recurring cash flows of Chinese mainland and overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Notes to the Consolidated Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 17 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Notes to the Consolidated Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and only represent approximate amounts because of subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimation of environment rehabilitation obligations also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2025 was RMB50,089,000 (2024: RMB27,299,000). Further details are set out in note 24.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB36,508,000 (2024: Nil). Further details are set out in note 15.

Mineral reserves

Engineering estimates of the Group's mineral reserves are inherently imprecise and only represent approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated at regular intervals after taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related depreciation rates.

Notes to the Consolidated Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION

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

GEOGRAPHICAL INFORMATION

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

INFORMATION ABOUT THE MAJOR CUSTOMER

Revenue from the major customer is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	628,798	499,505

A fellow subsidiary of customer A holds a 8.25% interest in the Company.

Notes to the Consolidated Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sales of gold bullion.

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sales of gold bullion	628,798	499,505

Represented by:

	2025 RMB'000	2024 RMB'000
Revenue from sales of gold bullion		
Recognised at a point in time	628,798	499,505

OTHER INCOME AND GAINS

	2025 RMB'000	2024 RMB'000
Sales of sulfuric acid	8,027	5,441
Government grants*	262	835
Interest income	9,045	13,059
Gains on disposal of property, plant and equipment	–	12
Gains on foreign exchange	152	–
Others	922	356
Total	18,408	19,703

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

Notes to the Consolidated Financial Statements

31 December 2025

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		297,420	245,746
Depreciation of property, plant and equipment*	13	58,690	44,000
Depreciation of right-of-use assets*	14	10,916	9,706
Amortisation of intangible assets*	16	7,101	7,502
Research and development costs		11,840	10,390
Write-down of inventories to net realisable value**		1,097	–
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		74,995	49,020
Equity-settled share option expense	28	4,292	–
Pension scheme contributions		18,441	10,120
Total		97,728	59,140
Foreign exchange differences, net		(152)	424
Loss/(gain) on disposal of items of property, plant and equipment		10,730	(12)
Auditor's remuneration		2,456	1,865

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets, the amortisation of intangible assets and employee benefit expense, for the year are included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	4,657	782
Interest expense on lease liabilities	30	25
Increase in discounted amounts of provisions and other long-term liabilities arising from the passage of time	4,159	1,650
Total	8,846	2,457

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time ("Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,210	988
Other emoluments:		
Salaries, allowances and benefits in kind	3,501	4,232
Pension scheme contributions and social welfare	46	52
Equity-settled share option expenses	2,867	–
Subtotal	6,414	4,284
Total	7,624	5,272

Notes to the Consolidated Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees and other emoluments paid to independent non-executive directors during the year were as follows:

2025	Fees RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
– Dr. MALAIHOLLO Jeffrey Francis A	242	332	574
– Mr. CHAN Ngai Fan	242	199	441
– Ms. LIU Li	242	199	441
– Dr. ZENG Ming	242	199	441
Total	968	929	1,897

2024	Fees RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
– Dr. MALAIHOLLO Jeffrey Francis A	219	–	219
– Mr. CHAN Ngai Fan	219	–	219
– Ms. LIU Li	219	–	219
– Dr. ZENG Ming	219	–	219
Total	876	–	876

There were no other emoluments payable to the independent non-executive directors during the year.

Notes to the Consolidated Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) EXECUTIVE DIRECTORS, A NON-EXECUTIVE DIRECTOR AND THE CHIEF EXECUTIVE

2025	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions and social welfare RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. CHEN Shaohui*	–	23	–	–	23
– Mr. MACKIE James Thomas	–	1,190	16	549	1,755
– Mr. LO Cheuk Kwong**	–	915	14	433	1,362
Subtotal	–	2,128	30	982	3,140
Non-executive director:					
Mr. CHEN Libei	242	–	–	221	463
Chief executive:					
– Dr. SHAO Xuxin	–	1,373	16	735	2,124
Total	242	3,501	46	1,938	5,727

Notes to the Consolidated Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) EXECUTIVE DIRECTORS, A NON-EXECUTIVE DIRECTOR AND THE CHIEF EXECUTIVE (CONTINUED)

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions and social welfare RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. CHEN Shaohui*	–	285	–	–	285
– Mr. MACKIE James Thomas	–	1,235	18	–	1,253
– Mr. LO Cheuk Kwong**	–	1,287	16	–	1,303
Subtotal	–	2,807	34	–	2,841
Non-executive director:					
Mr. CHEN Libei	112	–	–	–	112
Chief executive:					
– Dr. SHAO Xuxin	–	1,425	18	–	1,443
Total	112	4,232	52	–	4,396

* Mr. CHEN Shaohui resigned as an executive director on 5 February 2025.

** Mr. LO Cheuk Kwong resigned as an executive director on 5 November 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director and the chief executive (2024: two directors and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,160	752
Performance-related bonuses	–	120
Pension scheme contributions and social welfare	33	85
Equity-settled share option expense	1,151	–
Total	3,344	957

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of Employees	
	2025	2024
Nil to HK\$500,000	–	1
HK\$500,001 to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$2,000,000	1	–
Total	3	2

Notes to the Consolidated Financial Statements

31 December 2025

10. 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.

Under the two-tiered profit tax rates regime, the first HK\$2 million of profits of the qualifying entity established in Hong Kong was taxed at 8.25%, and profits above that amount was subject to the tax rate of 16.5%. The subsidiaries incorporated in Hong Kong was subject to Hong Kong profits tax at a rate of 8.25%.

The subsidiaries of the Group operating in Chinese mainland was generally subject to the corporate income tax at a rate of 25% for the year ended 31 December 2025 (2024: 25%).

	2025 RMB'000	2024 RMB'000
Current tax:		
Chinese mainland corporate income tax	89,797	66,190
Deferred tax (note 17)	8,751	1,011
Total tax charge for the year	98,548	67,201

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:

	2025 RMB'000	2024 RMB'000
Profit before tax	242,880	213,809
At the statutory income tax rate of 25%	60,720	53,452
Effect of tax rate differences in other jurisdictions	2,899	2,419
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries	12,967	8,299
Expenses not deductible for tax	6,104	2,329
Tax losses not recognised	8,866	702
Adjustments in respect of current tax of previous periods	6,992	–
Total	98,548	67,201

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11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim – HK\$3.00 cents (2024: HK\$2.95 cents) per ordinary share	54,738	53,822

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,086,575,342 (2024: 2,000,000,000) outstanding during the year used in the calculation is the number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 as the impact of the share options granted had no dilutive effect on the basic earnings per share amounts presented.

The calculation of basic earnings per share is based on:

	2025	2024
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: (RMB'000)	110,647	104,760
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation:	2,086,575,342	2,000,000,000

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13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment and electronic devices	Motor vehicles	Mining infrastructure	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025								
Cost	5,813	211,745	9,985	7,579	376,384	4,094	-	615,600
Accumulated depreciation	(1,442)	(130,362)	(4,584)	(5,365)	(129,294)	(654)	-	(271,701)
Net carrying amount	4,371	81,383	5,401	2,214	247,090	3,440	-	343,899
At 1 January 2025, net of accumulated depreciation								
Acquisition of a subsidiary	54,268	19,750	-	1,485	15,340	-	57,225	148,068
Additions	1,685	15,215	662	1,645	42,840	-	82,139	144,186
Transfers	118	41	-	-	271	-	(430)	-
Disposals	-	-	-	-	(11,742)	-	-	(11,742)
Depreciation provided during the year	(2,157)	(18,659)	(534)	(1,155)	(35,980)	(205)	-	(58,690)
At 31 December 2025, net of accumulated depreciation	58,285	97,730	5,529	4,189	257,819	3,235	138,934	565,721
At 31 December 2025								
Cost	61,884	246,751	10,647	10,166	421,326	4,094	138,934	893,802
Accumulated depreciation	(3,599)	(149,021)	(5,118)	(5,977)	(163,507)	(859)	-	(328,081)
Net carrying amount	58,285	97,730	5,529	4,189	257,819	3,235	138,934	565,721

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Plant and machinery	Office equipment and electronic and other devices	Motor vehicles	Mining infrastructure	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024							
Cost	5,492	204,683	4,587	7,227	344,370	4,094	570,453
Accumulated depreciation	(1,166)	(115,735)	(4,186)	(4,853)	(101,544)	(449)	(227,933)
Net carrying amount	4,326	88,948	401	2,374	242,826	3,645	342,520
At 1 January 2024, net of accumulated depreciation							
Additions	321	7,062	5,398	585	32,014	–	45,380
Disposals	–	–	–	–	–	–	–
Depreciation provided during the year	(276)	(14,627)	(398)	(745)	(27,750)	(204)	(44,000)
At 31 December 2024, net of accumulated depreciation	4,371	81,383	5,401	2,214	247,090	3,441	343,900
At 31 December 2024							
Cost	5,813	211,745	9,985	7,579	376,384	4,094	615,600
Accumulated depreciation	(1,442)	(130,362)	(4,584)	(5,365)	(129,294)	(654)	(271,701)
Net carrying amount	4,371	81,383	5,401	2,214	247,090	3,440	343,899

The properties certificates for buildings with an aggregate net carrying value of RMB43,903,000 (2024: RMB1,930,000) were not obtained as at 31 December 2025.

As at 31 December 2025, certain of the Group's properties with an aggregate carrying amount of approximately RMB12,403,000 (2024: Nil) were pledged to secure interest-bearing bank borrowings granted to the Group (note 25).

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14. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for leasehold land and buildings used in its operations. Lump sum payments were made upfront to acquire the leasehold land with lease periods from 20 to 70 years and buildings with lease periods of 2 to 20 years, and no ongoing payments will be made under the terms of the lease.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	69,125	41,760	110,885
Additions	–	3,872	3,872
Depreciation charge	(4,225)	(5,481)	(9,706)
As at 31 December 2024 and 1 January 2025	64,900	40,151	105,051
Additions	98	–	98
Acquisition of a subsidiary	37,655	1,551	39,206
Depreciation charge	(5,327)	(5,589)	(10,916)
As at 31 December 2025	97,326	36,113	133,439

The leasehold land is all situated in Shandong Province, the PRC.

The net carrying value of land without land use right certificates was RMB63,004,000 (2024: RMB64,107,000) as at 31 December 2025.

As at 31 December 2025, certain of the Group's leasehold land with an aggregate carrying amount of approximately RMB33,560,000 (2024: Nil) were pledged to secure interest-bearing bank borrowings granted to the Group (note 25).

Notes to the Consolidated Financial Statements

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14. LEASES (CONTINUED)

THE GROUP AS A LESSEE (CONTINUED)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January 2025	746	–
New leases	98	1,263
Acquisition of a subsidiary	490	–
Accretion of interest recognised during the year	30	25
Payments	(810)	(542)
Carrying amount at 31 December 2025	554	746

	2025 RMB'000	2024 RMB'000
Analysed into:		
Current portion	163	638
Non-current portion	391	108

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	30	25
Depreciation charge of right-of-use assets	10,916	9,706
Expenses relating to short-term leases (included in cost of sales)	571	156
Total amount recognised in profit or loss	11,517	9,887

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15. GOODWILL

	2025 RMB'000
Cost at 1 January 2025, net of accumulated impairment	–
Acquisition of a subsidiary (note 33)	36,508
Cost and net carrying amount at 31 December 2025	36,508
At 31 December 2025:	
Cost	36,508
Accumulated impairment	–
Net carrying amount	36,508

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations is allocated to the Yantai Mujin cash-generating unit (“**Mujin CGU**”) for impairment testing.

Management has engaged independent professional valuers to assess the recoverable amount of goodwill as at the end of year. The recoverable amount of Mujin CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Company's management covering a five-year period. The Company's management has considered that the cash-generating unit's value in use is higher than its fair value less costs of disposal based on the current available information.

The following table sets out the key assumptions adopted by management in the impairment assessment of the Mujin CGU:

	2025
Budgeted gross margins	39.3%–83.4%
Pre-tax discount rate	12.5%

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15. GOODWILL (CONTINUED)

IMPAIRMENT TESTING OF GOODWILL (CONTINUED)

Assumptions were used in the value-in-use calculations of Mujin CGU for the year ended 31 December 2025. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The management forecasted the gross margins of future years based on forecasted unit price of gold, forecasted production amount, and forecasted cost of sales based on the actual cost of previous years.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant CGU.

The values assigned to the key assumptions on the market development of the Mujin CGU and discount rates are consistent with external information sources.

As at 31 December 2025, based on the value-in-use calculations, the recoverable amount of the Mujin CGU exceeded its carrying amount by RMB255,134,000. The Company's management has undertaken a sensitivity analysis on the impairment test of goodwill and was in the view that there was sufficient headroom in respect of the reasonably possible changes in the key parameters and had not identified that the carrying amount of the CGU to exceed the value in use amount as at 31 December 2025. If the budgeted gross margin decreased to 69.0%, or the discount rate increased to 19.0%, the carrying amount of the cash-generating unit would be equal to its recoverable amount during the year ended 31 December 2025.

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16. INTANGIBLE ASSETS

	Mining rights RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost			
As at 1 January 2025	154,399	1,276	155,675
Acquisition of a subsidiary	272,500	–	272,500
As at 31 December 2025	426,899	1,276	428,175
Accumulated depreciation			
As at 1 January 2025	(44,612)	(722)	(45,334)
Amortisation provided during the year	(6,830)	(271)	(7,101)
As at 31 December 2025	(51,442)	(993)	(52,435)
Net carrying amount			
As at 31 December 2025	375,457	283	375,740
	Mining rights RMB'000	Software RMB'000	Total RMB'000
31 December 2024			
Cost			
As at 1 January 2024 and 31 December 2024	154,399	1,276	155,675
Accumulated depreciation			
As at 1 January 2024	(37,381)	(451)	(37,832)
Amortisation provided during the year	(7,231)	(271)	(7,502)
As at 31 December 2024	(44,612)	(722)	(45,334)
Net carrying amount			
As at 31 December 2024	109,787	554	110,341

As at 31 December 2025, certain of the Group's mining rights with an aggregate carrying amount of approximately RMB271,643,000 (2024: Nil) were pledged to secure interest-bearing bank borrowings granted to the Group (note 25).

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17. DEFERRED TAX

DEFERRED TAX LIABILITIES

	Changes in rehabilitation assets RMB'000	Withholding taxes RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Recognition of assets on business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2025	2,765	17,210	–	–	–	19,975
Acquisition of a subsidiary	–	–	25,229	50,051	1,072	76,352
Deferred tax charged/(credited) to profit or loss during the year	4,910	6,592	3,620	(380)	64	14,806
Gross deferred tax liabilities at 31 December 2025	7,675	23,802	28,849	49,671	1,136	111,133

DEFERRED TAX ASSETS

	Provision for rehabilitation RMB'000	Other long-term liabilities RMB'000	Depreciation allowance less than related depreciation RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	6,824	1,734	2,222	–	10,780
Deferred tax credited/(charged) to profit or loss during the year	5,596	(182)	529	112	6,055
Gross deferred tax assets at 31 December 2025	12,420	1,552	2,751	112	16,835

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17. DEFERRED TAX (CONTINUED)

DEFERRED TAX LIABILITIES

	Changes in rehabilitation assets <i>RMB'000</i>	Withholding taxes <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	2,587	14,911	17,498
Deferred tax charged to profit or loss during the year (note 10)	178	2,299	2,477
Gross deferred tax liabilities at 31 December 2024	2,765	17,210	19,975

DEFERRED TAX ASSETS

	Provision for rehabilitation <i>RMB'000</i>	Other long-term liabilities <i>RMB'000</i>	Depreciation less than related depreciation allowance <i>RMB'000</i>	Impairment of financial assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	6,272	1,908	1,029	105	9,314
Deferred tax credited/(charged) to profit or loss during the year (note 10)	552	(174)	1,193	(105)	1,466
Gross deferred tax assets at 31 December 2024	6,824	1,734	2,222	–	10,780

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	8,638	8,015
Net deferred tax liabilities recognised in the consolidated statement of financial position	102,936	17,210

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17. DEFERRED TAX (CONTINUED)

The deferred tax assets and the deferred tax liabilities of the same subsidiary have been offset in the statement of financial position for presentation purposes. The Group has deductible temporary differences for which deferred tax assets are not recognised of RMB281,875,000 as at 31 December 2025 (2024: Nil), respectively.

The Group has tax losses arising in Chinese mainland of approximately RMB267,696,000 as at 31 December 2025 (2024: Nil), that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these unused tax losses as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

18. OTHER LONG-TERM ASSETS

	2025 RMB'000	2024 RMB'000
Exploration and development costs	3,264	–
Advance payments for purchases of construction and property, plant and equipment	2,320	265
Total	5,584	265

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Gold concentrate	4,741	1,211
Ore stockpile	11,850	8,080
Raw materials	13,992	8,749
Total	30,583	18,040

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20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	2,498	1,820
Deposits and other receivables	6,711	6,720
Total	9,209	8,540

Other receivables are unsecured and interest-free and repayable on demand.

21. CASH AND CASH EQUIVALENTS, RESTRICTED AND PLEDGED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	644,851	492,124
Time deposits	482,685	168,687
Subtotal	1,127,536	660,811
Less: Restricted and pledged bank deposits	(34,906)	(21,212)
Cash and cash equivalents	1,092,630	639,599

At 31 December 2025, cash and cash equivalents, restricted and pledged bank deposits of the Group denominated in:

	2025 RMB'000	2024 RMB'000
Hong Kong dollars ("HKD")	425,641	171,204
Canadian dollars ("CAD")	628	605
United States dollars ("USD")	76,301	65,983
Renminbi ("RMB")	624,966	423,019
Cash and cash equivalents, restricted and pledged bank deposits	1,127,536	660,811

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21. CASH AND CASH EQUIVALENTS, RESTRICTED AND PLEDGED BANK DEPOSITS (CONTINUED)

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2025, the restricted and pledged bank deposits amounting to RMB34,756,000 (2024: RMB21,212,000) were placed as environmental rehabilitation deposits which are restricted as to use, and those of RMB150,000 (2024: Nil) were placed as deposits for temporary business dispute.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Within one year	16,350	11,501
Over one year	1,583	–
	17,933	11,501

The trade payables are interest free and normally settled in 30 to 90 days.

23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payable for purchase of property, plant and equipment	34,388	6,925
Other payables	10,870	3,448
Deposits	21,000	–
Other tax payables	6,570	8,115
Accrued salaries	11,457	5,338
Total	84,285	23,826

Other payables are interest free and repayable on demand.

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24. PROVISIONS

	Notes	2025 RMB'000	2024 RMB'000
Provision for relocation	(a)	906	906
Provision for penalties	(a)	2,277	1,390
Provision for rehabilitation	(b)	50,089	27,299
Less: Current portion		(1,223)	(2,296)
Non-current portion		52,049	27,299

- (a) The provision for relocation relates to the relocation of villages surrounding the mine and the provision for penalties arose from late application for construction project planning permit in open pit mine and the penalties for the buildings.

	Provision for relocation RMB'000	Provision for penalties RMB'000	Total RMB'000
At 1 January 2024	935	370	1,305
Addition	–	1,390	1,390
Amounts reversed during the year	–	(370)	(370)
Amounts utilised during the year	(29)	–	(29)
At 31 December 2024 and 1 January 2025	906	1,390	2,296
Acquisition of a subsidiary	–	1,960	1,960
Addition	–	–	–
Amounts utilised during the year	–	(1,073)	(1,073)
At 31 December 2025	906	2,277	3,183

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31 December 2025

24. PROVISIONS (CONTINUED)

- (b) The provision for rehabilitation relates to the estimated costs of complying with the Group's obligations for land reclamation. These costs are expected to be incurred on mine closure, which, based on current mineral reserve estimates, will continue for a period of 6 to 18 years.

The movements in the present value of the provision for rehabilitation are as follows:

	2025 RMB'000	2024 RMB'000
As at the beginning of the year	27,299	25,091
Acquisition of a subsidiary	18,296	–
Interest accredited	724	649
Change in discount rate	(779)	1,559
Change in estimated rehabilitation cost	4,549	–
As at the end of the year	50,089	27,299

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank borrowings – secured	3.5–4.85	2026	119,153	–	–	–
Other borrowing – unsecured	3.00	2026	49,319	–	–	–
Subtotal			168,472			
Non-Current						
Bank borrowing – secured	4–4.85	2027–2031	75,770	–	–	–
Total			244,242			–

The Group's bank borrowings of RMB9,914,000 (2024: Nil) were guaranteed by Li Pengxu (the director of Yantai Mujin) and were pledged by a Group's mining right.

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The Group's bank borrowings of RMB67,883,000 (2024: Nil) were guaranteed by Yantai Zhongjia, Shandong Zhongjia Mining Group Co., Ltd. ("**Shandong Zhongjia**", a related company (note 34)), Lin Chuanwen (a non-controlling equity holder of Yantai Mujin), and were pledged by a Group's mining right with the carrying amounts of RMB271,643,000 (note 16).

The Group's bank borrowings of RMB37,041,000 (2024: Nil) were guaranteed by Yantai Zhongjia, and were pledged by a Group's mining right.

The Group's bank borrowings of RMB 20,021,000 (2024: Nil) were guaranteed by Yantai Zhongjia, Shandong Zhongjia (a related company (note 34)) and Kong Fanzhong.

The Group's bank borrowings of RMB10,011,000 (2024: Nil) were guaranteed by Yantai Luohua Electrical Switchgear Equipment Co., Ltd. (a supplier of the Group) and Lin Chuanwen (a non-controlling equity holder of the Group's subsidiary).

The Group's bank borrowings of RMB50,053,000 (2024: Nil) were guaranteed by Shandong Zhongjia, Yantai RuiKai Environmental Materials Co., Ltd. ("**Ruikai**", a supplier of the Group), Yantai Baiheng Gold Mine Co. Ltd. ("**Baiheng**", a related company (note 34)), Kong Fanzhong and his spouse, Kong Fanbo and his spouse, Kong Ning (son of Kong Fanzhong) and his spouse, and were pledged by the Group's properties, plant and equipment with the carrying amounts of RMB12,403,000 (note 13), and the Group's leasehold land with the carrying amounts of RMB33,560,000 (note 14).

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year or on demand	168,472	—
In the second year	25,180	—
In the third to fifth years, inclusive	45,860	—
Beyond five years	4,730	—
Total	244,242	—

The Group's borrowings are all denominated in RMB. Except for certain bank borrowings amounting to RMB67,800,000 (2024: Nil) that bear interest at floating rates, all bank and other borrowings bear interest at fixed rates.

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26. OTHER LONG-TERM LIABILITIES

	2025 RMB'000	2024 RMB'000
Instalment payable for purchase of mining rights*	77,679	17,943
Compensation payable**	6,207	6,936
MPF scheme payable	190	–
Total	84,076	24,879
Analysed into:		
Current portion	20,064	7,369
Non-current portion	64,012	17,510
Total	84,076	24,879

* Yantai Zhongjia acquired a mining right from Yantai Natural Resources and Planning Bureau in year 2020 and the final purchase price of RMB74,121,000 was determined in year 2021. According to the mining right transfer agreement, excluding the down payment of RMB30,000,000, the remaining payments amounting to RMB44,121,000 are repayable in 7 years from year 2021 to year 2027, which are interest free and unsecured.

Yantai Mujin purchased its mining rights prior to being acquired by the Group, and the purchase consideration amounting to RMB78,282,000 is repayable by instalments until year 2033.

** In relation to the mining operation, the Group agreed to compensate the villagers surrounding the mining site for a period of 20 years from 2012 to 2032.

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27. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Authorised:		
10,000,000,000 (2024: 10,000,000,000) ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
2,400,000,000 (2024: 2,000,000,000) ordinary shares of HK\$0.01 each	21,839	18,172

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2024 and 1 January 2025	2,000,000,000	18,172
Issue of shares (note (a))	400,000,000	3,667
At 31 December 2025	2,400,000,000	21,839

Note:

- (a) On 14 October 2025, a total of 400,000,000 shares were issued at a price of HK\$1.18 per share (equivalent to RMB1.08 per share). The difference between net proceeds received and the par value of the shares issued amounting RMB436,042,000, before share issue expenses, were credited to share premium account of the Company.

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28. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) which became effective on 11 July 2025. The exercise period of the share options granted is determinable by the Company’s directors, and commences after a vesting period of one to three years and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier. The Company granted 21,000,000 share options to 13 employees at the exercise price of HK\$1.50 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of granted. According to the Company’s performance appraisal and individual performance appraisal, 40%, 30% and 30% of shares will be vested during the vesting periods.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025

Number of options '000	Exercise price* HK\$ per share	Exercise period
8,400	1.50	11-7-2026 to 11-7-2035
6,300	1.50	11-7-2027 to 11-7-2035
6,300	1.50	11-7-2028 to 11-7-2035
21,000		

The fair value of the share options granted during the year was HK\$15,740,000, of which the Group recognised a share option expense of HK\$4,752,000 (approximately RMB4,292,000) during the year ended 31 December 2025.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	2.85
Expected volatility (%)	62.78
Risk-free interest rate (%)	3.37
Expected life of options (year)	10

At the end of the reporting period, the Company had 21,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 21,000,000 additional ordinary shares of the Company and additional share capital of HK\$210,000 (before issue expenses).

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29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity on pages 132 to 133 of the financial statements.

CAPITAL RESERVE

Capital reserve represents the Group's additional share of equity interest in certain subsidiaries as a result of capital contribution made by non-controlling equity holders in excess of their proportionate share of registered capital. The balance also included the amount of debts waived by certain shareholder of the Company in previous years.

STATUTORY SURPLUS RESERVE

In accordance with the Company Law of the Chinese mainland and the Articles of Association of Yantai Zhongjia, Yantai Zhongjia is required to allocate 10% of its profit after tax determined under accounting standards of Chinese mainland to the statutory surplus reserve until such reserve reaches 50% of the registered capital of Yantai Zhongjia. Subject to certain restrictions, part of this reserve may be used to paid up capital, provided that the remaining balance is not less than 25% of the registered capital.

SPECIAL RESERVE

Pursuant to a notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety in the Chinese mainland, the Group is required to establish a safety fund surplus reserve based on the volume of mine extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses/costs as and when they are incurred, including expenses/costs related to safety protection facilities and equipment maintenance as well as safety production inspection, consultation and training.

SHARE-BASED PAYMENT RESERVE

The share-based payment reserve represents the equity-settled share awards granted to employees of the Group.

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30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025 RMB'000	2024 RMB'000
Percentage of equity interest held by non-controlling interests: Yantai Zhongjia	25%	25%
Profit for the year allocated to non-controlling interests: Yantai Zhongjia	52,072	41,848
Dividends paid to non-controlling interests of Yantai Zhongjia	25,000	30,000
Accumulated balances of non-controlling interests at the end of the year: Yantai Zhongjia	197,067	169,995

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2025 RMB'000	2024 RMB'000
Revenue	590,086	499,505
Other income and gains	11,123	10,615
Total expenses	(392,437)	(342,727)
Profit for the year	208,772	167,393
Total comprehensive income for the year	208,772	167,393
Current assets	602,021	478,868
Non-current assets	537,343	566,821
Current liabilities	(368,978)	(382,806)
Non-current liabilities	(43,103)	(44,809)
Net cash flows from operating activities	274,508	193,425
Net cash flows used in investing activities	(54,837)	(54,523)
Net cash flows used in financing activities	(102,801)	(45,882)
Net increase in cash and cash equivalents	116,870	93,020

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31. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing bank borrowings RMB'000	Included in other payables and accruals/ other long-term liabilities RMB'000	Lease liability RMB'000
At 1 January 2025	–	6,936	746
Cash flows from financing activities	25,273	(1,069)	(810)
New leases	–	–	98
Interest expense	4,657	–	30
Acquisition of a subsidiary	214,312	–	490
Incremental interest on provisions and other long-term liabilities	–	340	–
At 31 December 2025	244,242	6,207	554

	Interest payable RMB'000	Interest-bearing bank borrowings RMB'000	Included in other payables and accruals/ other long-term liabilities RMB'000	Lease liability RMB'000
At 1 January 2024	31	30,000	7,631	–
Cash flows from financing activities	(813)	(30,000)	(1,069)	(542)
New leases	–	–	–	1,263
Interest expense	782	–	–	–
Non-cash changes accrual of interest	–	–	–	25
Incremental interest on provisions and other long-term liabilities	–	–	374	–
At 31 December 2024	–	–	6,936	746

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32. COMMITMENT

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
Properties, plant and equipment	127,187	–

33. BUSINESS COMBINATION

In February 2025, the Group completed the acquisition of a 52% equity interest in Yantai Mujin which is engaged in gold mining and processing. The acquisition was made as part of the Group's strategy to expand its market share of mining, processing and sale of gold bullion operation in local market. The total purchase consideration for the acquisition was RMB81,900,000. The Group has elected to measure the non-controlling interest in the Yantai Mujin at the non-controlling interest's proportionate share of Yantai Mujin's identifiable net assets.

The fair values of the identifiable assets and liabilities of Yantai Mujin as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Cash and cash equivalents	75,192
Prepayments, other receivables and other assets	22,672
Inventories	9,302
Restricted and pledged bank deposits	12,054
Property, plant and equipment	148,068
Right-of-use assets	39,206
Intangible assets	272,500
Other long-term assets	3,896
Trade payables	(11,102)
Other payables and accruals	(95,662)
Interest-bearing bank and other borrowings	(214,312)
Tax payable	(1,042)
Lease liabilities	(490)
Provision	(20,257)
Deferred tax liabilities	(76,352)
Other long-term liabilities	(76,381)
Total identifiable net assets at fair value	87,292
Non-controlling interests	(41,900)
Goodwill on acquisition	36,508
Satisfied by cash	81,900

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33. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(81,900)
Cash and bank balances acquired	75,192
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,708)
Transaction costs of the acquisition included in cash flows from operating activities	(6,143)
Total net cash outflow	(12,851)

Since the acquisition, Yantai Mujin contributed RMB38,712,000 to the Group's revenue and RMB37,416,000 to the loss for the year ended 31 December 2025.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the period would have been RMB640,080,000 and RMB139,976,000, respectively.

34. RELATED PARTY TRANSACTIONS

(1) NAME AND RELATIONSHIP

Name of related parties	Relationship with the Group
Majestic Gold Corp. 煙台市大河東選礦有限公司 Yantai Dahedong Processing Co. Ltd. ("Dahedong")	The ultimate holding company of the Company Non-controlling equity holder of Yantai Zhongjia
Kong Fanzhong	A shareholder of Majestic Gold Corp. and an equity holder of Dahedong
Kong Fanbo	A director of Yantai Zhongjia and a close family member of Kong Fanzhong
山東中嘉礦業有限公司 Shandong Zhongjia Mining Co. Ltd. ("Shandong Zhongjia")	A company of which Kong Fanzhong is a beneficial equity holder
煙台市百恆金礦有限公司 Yantai Baiheng Gold Mine Co. Ltd. ("Baiheng")	A company of which Kong Fanzhong is a beneficial equity holder

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34. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) OTHER TRANSACTION WITH RELATED PARTIES

Details of other transactions with related parties are set out in note 25 to the financial statements.

(3) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	7,181	6,774
Pension scheme contributions	237	187
Equity-settled share option expense	3,764	–
Total compensation paid to key management personnel	11,182	6,961

Further details of directors' emoluments are included in note 8 to the financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS

Financial assets at amortised cost

	2025 RMB'000	2024 RMB'000
Financial assets included in prepayments, other receivables and other assets	6,711	6,720
Restricted and pledged bank deposits	34,906	21,212
Cash and cash equivalents	1,092,630	639,599
Total	1,134,247	667,531

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**35. FINANCIAL INSTRUMENTS BY CATEGORY
(CONTINUED)****FINANCIAL LIABILITIES****Financial liabilities at amortised cost**

	2025 RMB'000	2024 RMB'000
Trade payables	17,933	11,501
Financial liabilities included in other payables and accruals	66,258	10,373
Interest-bearing bank and other borrowings	244,242	–
Financial liabilities included in other long-term liabilities	83,886	24,879
Total	412,319	46,753

**36. FAIR VALUE AND FAIR VALUE HIERARCHY OF
FINANCIAL INSTRUMENTS**

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial liabilities				
Non-current portion of interest-bearing bank and other borrowings	75,770	–	76,580	–
Non-current portion of financial liabilities included in other long-term liabilities	63,822	17,510	70,463	18,373

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged bank deposits, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals and the interest-bearing bank and other borrowings, current portion of long term liabilities and approximate to their carrying amounts largely due to the short term maturities of these instruments.

Notes to the Consolidated Financial Statements

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the end of the year, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors once a year for annual financial reporting.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings and other long-term liabilities at year end were assessed to be insignificant.

The fair value of the liability portion of the other long-term liabilities is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar bond with consideration of the Group's own non-performance risk. The carrying value has considered the discounting effect and equals to its fair value.

FAIR VALUE HIERARCHY

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank and other borrowings	–	76,580	–	76,580

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include financial assets included in other long-term assets, financial assets included in prepayments, deposits and other receivables, restricted and pledged bank deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, and other long-term liabilities, which arise directly from its operations. The Group has other financial assets and liabilities such as amounts interest-bearing bank borrowings and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, 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. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(A) FOREIGN CURRENCY RISK

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. 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.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and CAD exchange rates, with all other variables held constant, of the Group's profit before tax (arising from USD and CAD denominated financial instruments) and the Group's equity to a reasonably possible change in the USD and CAD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) FOREIGN CURRENCY RISK (CONTINUED)

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2025			
If the RMB weakens against the USD	1	763	572
If the RMB strengthens against the USD	(1)	(763)	(572)
If the RMB weakens against the CAD	1	32	24
If the RMB strengthens against the CAD	(1)	(32)	(24)
2024			
If the RMB weakens against the USD	1	660	495
If the RMB strengthens against the USD	(1)	(660)	(495)
If the RMB weakens against the CAD	1	46	34
If the RMB strengthens against the CAD	(1)	(46)	(34)

* Excluding foreign currency translation reserve

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) 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 December 2024 and 2025. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets

31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets					
– Normal*	6,771	–	–	6,771	
– Doubtful*	–	–	–	–	
Restricted and pledged bank deposits					
– Not yet past due	34,906	–	–	34,906	
Cash and cash equivalents					
– Not yet past due	1,092,630	–	–	1,092,630	
Total	1,134,247	–	–	1,134,247	

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) CREDIT RISK (CONTINUED)

31 December 2024

	12-month	Lifetime ECLs		Total
	ECLs			
	Stage 1	Stage 2	Stage 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in				
prepayments, other receivables and				
other assets				
– Normal*	6,720	–	–	6,720
– Doubtful*	–	–	–	–
Restricted and pledged bank deposits				
– Not yet past due	21,212	–	–	21,212
Cash and cash equivalents				
– Not yet past due	639,599	–	–	639,599
Total	667,531	–	–	667,531

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
31 December 2025					
Trade payables	17,933	-	-	-	17,933
Other payables and accruals	64,652	-	-	-	64,652
Interest-bearing bank and other borrowings	-	2,235	262,972	-	265,207
Other long-term liabilities	-	-	20,529	77,835	98,364
Lease liabilities	-	108	74	500	682
Total	82,585	2,343	283,575	78,335	446,838

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
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31 December 2024

Trade payables	11,501	-	-	-	11,501
Other payables and accruals	10,373	-	-	-	10,373
Other long-term liabilities	-	-	7,369	20,081	27,450
Lease liabilities	-	163	488	108	759
Total	21,874	163	7,857	20,189	50,083

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(D) CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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 and other borrowings. Net debt includes interest-bearing bank and other borrowings, 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.

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

	2025 RMB'000	2024 RMB'000
Total debt		
Interest-bearing bank and other borrowings	244,242	–
Total equity	1,600,628	1,053,459
Gross gearing ratio	15.3%	–

As at 31 December 2024 and 2025, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no net gearing ratio as at 31 December 2024 and 2025 was presented.

38. EVENT AFTER THE REPORTING PERIOD

Due to a severe accident occurred in other third party mine in Zhaoyuan City, Yantai in February 2026, the Group's mines in Yantai have been mandated to cease production. In March 2026, the Group mines' production activities were fully resumed.

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39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS		
Equipment	20	13
Investment in a subsidiary	437	1
Total non-current assets	457	14
CURRENT ASSETS		
Prepayments, other receivables and other assets	1,228	789
Due from subsidiaries	485,229	443,370
Cash and cash equivalents	482,165	137,843
Total current assets	968,622	582,002
CURRENT LIABILITIES		
Due to a subsidiary	–	21,270
Other payables and accruals	2,370	1,994
Total current liabilities	2,370	23,264
NET CURRENT ASSETS	966,252	558,738
TOTAL ASSETS LESS CURRENT LIABILITIES	966,709	558,752
NON-CURRENT LIABILITIES		
Other long-term liabilities	190	–
Net assets	966,519	558,752
EQUITY		
Share capital	21,839	18,172
Reserves	944,680	540,580
Total equity	966,519	558,752

SHAO Xuxin
Director

Chen Zhuping
Director

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39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve <i>RMB'000</i>	Share premium <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	309,147	214,663	–	8,190	1,601	533,601
Profit for the year	–	–	–	–	48,802	48,802
Other comprehensive expense for the year:						
Exchange differences on translation of financial statements of the Company	–	–	–	11,999	–	11,999
Transfer from capital reserve	(9,260)	–	–	–	9,260	–
Total comprehensive income for the year	(9,260)	–	–	11,999	58,062	60,801
Dividend declared	–	–	–	–	(53,822)	(53,822)
At 31 December 2024 and 1 January 2025	299,887	214,663	–	20,189	5,841	540,580
Profit for the year	–	–	–	–	53,135	53,135
Other comprehensive income for the year:						
Exchange differences on translation of financial statements of the Company	–	–	–	(27,604)	–	(27,604)
Total comprehensive income for the year	–	–	–	(27,604)	53,135	25,531
Issue of shares	–	436,042	–	–	–	436,042
Share issue expenses	–	(7,027)	–	–	–	(7,027)
Equity-settled share option arrangements	–	–	4,292	–	–	4,292
Dividend declared	–	–	–	–	(54,738)	(54,738)
At 31 December 2025	299,887	643,678	4,292	(7,415)	4,238	944,680

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.