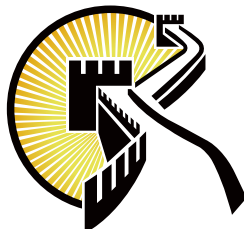


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PERSISTENCE RESOURCES GROUP LTD

集海資源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2489)

VOLUNTARY ANNOUNCEMENT

(I) LETTER OF INTENT IN RELATION TO A POSSIBLE ACQUISITION; AND

(II) DELAY IN THE EXPECTED TIMELINE FOR UTILIZING THE NET PROCEEDS FROM GLOBAL OFFERING

This announcement is made by Persistence Resources Group Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide updates on the Group’s business development to the Company’s shareholders and potential investors.

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

I. LETTER OF INTENT IN RELATION TO A POTENTIAL ACQUISITION

On 25 March 2024, the Company’s wholly-owned subsidiary, PRG Res Holding 2 Ltd. (“**PRGRH2 Ltd.**”), entered into a letter of intent (the “**LOI**”) with a vendor (the “**Vendor**”) and the Target Company (as defined below), pursuant to which PRGRH2 Ltd. intends to acquire and the Vendor intends to sell, 70% of the issued share capital (the “**Possible Acquisition**”) of a target company incorporated in the PRC (the “**Target Company**”).

The Target Company is principally engaged in gold mining and processing, emergency rescue for mine accidents, preventive safety inspection, property leasing and investment with its own fund. The Target Company owns mining licenses of three gold mines located in Yantai city of the Shandong Province in the PRC. The consideration for the Possible Acquisition shall be determined after arm's length negotiations between PRGRH2 Ltd. and the Vendor and shall be set out in a formal agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both of the Vendor and the Target Company are independent third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Group aims to grow its market share through selective acquisitions of high-quality gold mining assets, so as to strengthen the Group's business development, thereby enhancing the overall performance of the Group's business. The Board believes that if the Possible Acquisition is materialised, not only the Group's market position in Muping-Rushan gold metallogenic belt and the Shandong Province can be strengthened and solidified, but the resources and talents of the Target Company can also assist the Group to expand its mineral resources and to boost the gold concentrate processing capacity of the Group at its ore processing plant in the future to support the sustainable growth of the Group in the longer run.

Due Diligence And Exclusivity Period

Currently, the Group is conducting a preliminary due diligence on the Target Company (the "**Due Diligence**"). The Vendor and the Target Company are fully cooperating with the Group to complete the work in relation to the Due Diligence.

Within 1 year after the signing of the LOI, the Vendor shall not, without the prior written consent of PRGRH2 Ltd., conduct any communication, discussion or negotiation or sign any letter of intent, agreement or similar document with any third party regarding the transfer of the business or interests of the Target Company.

Formal Agreement

Within 1 month after obtaining the results of the Due Diligence, the Group will initiate negotiations with the Vendor for entering into a formal agreement and agree on specific terms in relation to the Possible Acquisition based on the results of the Due Diligence.

The Group has not entered into any binding agreement in relation to the Possible Acquisition as at the date of this announcement. The Company will make announcement(s) on the development of the Possible Acquisition as and when appropriate, in accordance with the Listing Rules.

As the Possible Acquisition may or may not proceed, shareholders and investors are reminded to exercise caution when dealing in the shares of the Company.

II. DELAY IN THE EXPECTED TIMELINE FOR UTILIZING THE NET PROCEEDS FROM GLOBAL OFFERING

The actual total net proceeds from the Global Offering of the Company amounted to approximately HK\$218.3 million. Details of the original planned utilization of the net proceeds from the Global Offering and actual usage up to 31 December 2023 are set out below:

Business objective as stated in the Prospectus	% of the Net Proceeds	Net Proceeds and utilization			Expected timeline for utilization
		Actual amount available for utilization <i>HK\$ million</i>	Utilized amount as of 31 December 2023 <i>HK\$ million</i>	Remaining amount as of 31 December 2023 <i>HK\$ million</i>	
Further construction of mining infrastructure in accordance with the mine optimisation plan of the Group	20.4%	44.5	0	44.5	By June 2025
Upgrade gold reserves to increase LoM through additional exploration activities at the existing mine area of the Group	2.0%	4.4	0	4.4	By December 2024
Expand the business of the Group through selective acquisitions of gold mining assets	55.0%	120.1	0	120.1	By 30 September 2024 (<i>Note</i>)
Repayment of existing bank loans guarantees	12.6%	27.5	0	27.5	By September 2024
Working Capital	10.0%	21.8	3.0	18.8	By December 2025
Total	100.0%	218.30	3.0	215.3	

Note: 30 September 2024 is the original expected date on which the Possible Acquisition would have become completed.

The table below sets out the effect of the delay on the expected timeline for utilizing the net proceeds from the Global Offering allocated to expanding business of the Group through selective acquisitions of gold mining assets:

Use of proceeds from the Global Offering	Expected timeline for utilizing the remaining net proceeds from the Global Offering prior to the Delay (as defined below)	Expected timeline for utilizing the remaining net proceeds from the Global Offering Listing after the Delay
Expand the business of the Group through selective acquisitions of gold mining assets	Expected to be fully utilized by 30 September 2024	Expected to be fully utilized by February 2025

REASONS FOR THE DELAY IN THE EXPECTED TIMELINE FOR UTILIZING THE REMAINING NET PROCEEDS FROM GLOBAL OFFERING

As originally disclosed under sections headed “BUSINESS – BUSINESS STRATEGIES – EXPAND OUR BUSINESS AND GROW OUR MARKET SHARE THROUGH SELECTIVE ACQUISITIONS OF GOLD MINING ASSETS – FEASIBILITY OF OUR ACQUISITION PLAN” (the “**Feasibility Section**”) and “FUTURE PLANS AND USE OF PROCEEDS – USE OF PROCEEDS” in the Prospectus, a new sino-foreign joint venture entity incorporated in the PRC will be established using a combination of (i) the net proceeds from the Global Offering allocated to expanding business of the Group through selective acquisitions of gold mining assets; and (ii) internal resources, and it requires three stages of capital contribution. It was also originally expected that by 31 March 2024:

- (i) a formal definitive agreement with the owner of the potential target would be entered into;
- (ii) relevant regulatory approvals would be applied for, including the business licence;
- (iii) first capital contribution conducted; and
- (iv) mining assets into the newly established sino-foreign joint venture be injected.

As to the date of this announcement, the Group is still in the process of carrying out the Due Diligence. The Board is of the view that although a target has been identified pursuant to the acquisition plan and the LOI has been entered into, more time is required than originally expected to complete a thorough legal, financial and technical due diligence by professional teams on the preferred potential target so that the Possible Acquisition would be in the best interests of the Company. Therefore, the Group expects that the above actions what were intended to have been achieved by 31 March 2024 will be delayed to July 2024 (the “Delay”). As a result, the expected time to complete the acquisition and the final capital contribution made by the Group will also be delayed. Hence, the completion of the future plan of Group to expand its business through selective acquisitions of the gold mining assets is expected to be postponed to February 2025.

As at the date of this announcement, all other targets up to 29 February 2024 stated under the Feasibility Section have been achieved in a timely manner.

The expected timeline for utilizing the unutilized 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.

The Board (including independent non-executive Directors) is of the view that the Delay will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole. Save as disclosed in this announcement, the Group has no other changes to the plan for utilizing the remaining net proceeds from Global Offering.

By order of the Board

Persistence Resources Group Ltd

Shao Xuxin

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 March 2024

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