



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

2024

INTERIM REPORT



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Corporate Information

CHINESE NAME OF THE COMPANY

集海資源集團有限公司

ENGLISH NAME OF THE COMPANY

Persistence Resources Group Ltd

EXECUTIVE DIRECTORS

Dr. Shao Xuxin
(Chairman and Chief Executive Officer)
Mr. Mackie James Thomas
Mr. Lo Cheuk Kwong Raymond
Mr. Chen Shaohui

NON-EXECUTIVE DIRECTORS

Mr. Chen Li Bei

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

AUTHORISED REPRESENTATIVES

Dr. Shao Xuxin
Mr. Lo Cheuk Kwong Raymond

AUDIT COMMITTEE MEMBERS

Mr. Chan Ngai Fan (Chairman)
Dr. Malaihollo Jeffrey Francis A
Dr. Zeng Ming

REMUNERATION COMMITTEE MEMBERS

Dr. Zeng Ming (Chairman)
Dr. Malaihollo Jeffrey Francis A
Mr. Chan Ngai Fan

NOMINATION COMMITTEE MEMBERS

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

AUDITOR

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

COMPLIANCE ADVISER

Innovax Capital Limited
Room B, 13/F, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Corporate Information

HONG KONG LEGAL ADVISERS

Li & Partners
Suite 3304–3309, 33/F
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

China Construction Bank (Asia) Corporation Limited
20/F, CCB Centre
18 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

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

Yantai Bank Co., Ltd.
Muping Branch
No. 608 Ninghai Street
Muping District
Yantai
Shandong
PRC

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

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

Bank of China Limited
Laishan Branch
No. 139 Yingchun Avenue
Laishan District
Yantai
Shandong
PRC

COMPANY WEBSITE

<http://www.persistenceresource.com/>

STOCK CODE

2489

Management Discussion and Analysis

I. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (THE “REPORTING PERIOD”) OF PERSISTENCE RESOURCES GROUP LTD (THE “COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY THE “GROUP”)

GOLD PRODUCTION

For the Reporting Period, the Group's total gold production volume was approximately 453.7 kg (or approximately 14,587.0 ounces), representing a decrease of approximately 4% as compared to the corresponding period of 2023. The decrease in total gold output was mainly due to temporary pause of mining activities of the underground mine during February 2024 as the supply of explosive was restricted by the government authority as well as underground mine staff were on annual leave in celebration of the Chinese New Year during February 2024.

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000), representing an increase of approximately 20.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% partially offset by the decrease in sales volume by 0.8%.

NET PROFIT

For the Reporting Period, the Group's net profit was approximately RMB78,867,000 (corresponding period of 2023: RMB52,769,000), representing an increase of approximately 49.5% as compared to the corresponding period of 2023. The increase in net profit was primarily due to the increase in gross profit as a result of the higher average selling price, as well as an increase in interest income earned on the Group's cash and cash equivalent balances and was partially offset by an increase in post-listing administrative expenses.

EARNINGS PER SHARE

For the Reporting Period, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB0.03, (restated basic and diluted earnings per share for the corresponding period of 2023: RMB0.02), representing an increase of 50% as compared to the corresponding period of 2023.

Management Discussion and Analysis

INTERIM DIVIDEND

On 30 August 2024, the Board declared an interim dividend of HK\$0.0295 per ordinary share. The total payout for the interim dividend will amount to approximately HK\$59,000,000. The aforesaid interim dividend will be paid on 25 September 2024 to the Shareholders whose names appear on the register of members of our Company at the close of business on 17 September 2024. For details, please refer to the interim results announcement of the Company dated 30 August 2024.

II. MARKET OVERVIEW

During the Reporting Period, the complex and volatile domestic and external environment has become more complicated and severe, bringing many uncertain impacts to the global economy. The increase in gold demand in the first half of 2024 as compared with 2023 was mainly attributed to the economic and geopolitical uncertainties as well as the interest rate drivers.

In the first half of 2024, the global gold spot price continued to rise, reaching the highest price at US\$2,444.35 per ounce in the second quarter and the average global gold spot price was US\$2,205.06 per ounce in the first half of 2024. The rise in gold spot price was primarily driven by the escalating geopolitical risks and the interest rate outlook to the US budget deficit concerns, inflation hedging and central bank buying. As a traditional safe-haven asset, the gold spot price has further increased in China since the China Central Bank has been continuing its gold purchasing power due to the local asset uncertainty and risks associated with the economic outlook. China's gold spot price continued to rise in the first half of 2024, reaching the highest price at RMB574.11 per gram in the second quarter and the average gold spot price in the People's Republic of China ("PRC") was RMB520.63 per gram in the first half of 2024.

III. BUSINESS REVIEW

In the Reporting Period, the gold production volume of the Group was approximately 453.7 kg (equivalent to approximately 14,587.0 ounces), representing a decrease of approximately 18.8 kg (equivalent to approximately 604.2 ounces) or 4.0% as compared with the corresponding period of 2023. The decrease in total gold output was mainly due to temporary pause of mining activities of the underground mine during February 2024 as the supply of explosive was restricted by the government authority as well as underground mine staff were on annual leave in celebration of the Chinese New Year during February 2024. Nevertheless, the Group's revenue increased by approximately 20.1% to approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000) as compared with the corresponding period of 2023. The net profit of the Group was approximately RMB78,867,000 (corresponding period of 2023: RMB52,769,000). The basic and diluted earnings per share amounted to approximately RMB0.03 (corresponding period of 2023: RMB0.02 (restated)).

For the six month ended 30 June 2024, the Group had no exploration and development expenditure as the Group has not yet commenced the drilling (exploration) program as disclosed in the section of "Future Plans and Use of Proceeds" of the Prospectus. Cost of sales was directly attributable to the expenditure incurred on mining production activity. The amount of cost of sales was presented in the interim condensed consolidated statement of profit or loss and other comprehensive income on page 19 in this interim report.

Management Discussion and Analysis

IV. FINANCIAL ANALYSIS

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB236,173,000 (corresponding period of 2023: RMB196,659,000), representing an increase of approximately 20.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% partially offset by the decrease in sales volume by 0.8%.

COST OF SALES

For the Reporting Period, the Group's cost of sales was approximately RMB110,693,000 (corresponding period of 2023: RMB104,277,000), representing an increase of approximately 6.2% as compared to the corresponding period of 2023.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group's gross profit was approximately RMB125,480,000 (corresponding period of 2023: RMB92,382,000), representing an increase in gross profit of approximately 35.8%. The increase in gross profit was primarily due to the increase in average selling price.

During the Reporting Period, the Group's gross profit margin was approximately 53.1% (corresponding period of 2023: 47.0%), representing an increase in gross profit margin of approximately 13.1% as compared to the corresponding period of 2023. The increase was mainly attributable to the increase in average selling price by 21.1% offset by the increase in cost of sales by 6.2%.

OTHER INCOME AND GAINS

During the Reporting Period, the Group's other income and gains were approximately RMB10,725,000 (corresponding period of 2023: RMB5,428,000), representing an increase of approximately 97.6% as compared to the corresponding period of 2023. The increase in other income and gains was mainly due to the increase in interest income earned on the Group's cash and cash equivalent balances.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB19,445,000 during the Reporting Period (corresponding period of 2023: RMB16,655,000), representing an increase of approximately 16.8% as compared to the corresponding period of 2023. The increase of administrative expenses was mainly due to the higher post-listing administrative expenses, as well as the increase in research and development expenses which were included in the administrative expenses.

Management Discussion and Analysis

OTHER EXPENSES

For the Reporting Period, the Group's other expenses were approximately RMB586,000 (corresponding period of 2023: nil). The increase was mainly attributable to increase in foreign exchange loss for the Reporting Period.

FINANCE COSTS

For the Reporting Period, the Group's finance costs were approximately RMB1,397,000 (corresponding period of 2023: RMB1,657,000), representing a decrease of approximately 15.7% as compared to the corresponding period of 2023. The decrease was mainly due to the decrease in the effective interest rate.

INCOME TAX EXPENSE

For the Reporting Period, the Group's income tax expense was approximately RMB35,910,000 (corresponding period of 2023: RMB26,729,000), representing an increase of approximately 34.3% as compared to the corresponding period of 2023. The increase was primarily due to the increase in profit before tax of the Group. During the Reporting Period, the corporate income tax within the territory of the PRC has been provided at a rate of 25% (corresponding period of 2023: 25%) on the taxable income. The effective tax rate of the Group is approximately 31.3% during the Reporting Period (corresponding period of 2023: approximately 33.6%).

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Reporting Period, the Group's profit attributable to the owners of the parent was approximately RMB57,284,000, representing an increase of approximately 53.7% from approximately RMB37,261,000 for the corresponding period of 2023. The increase was mainly due to the increase in the profit after tax.

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalents of the Group were RMB661,318,000 as at 30 June 2024 (as at 31 December 2023: approximately RMB586,840,000). The Group will continue to maintain a healthy liquidity position to fund its business development.

FUNDING AND TREASURY POLICY

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.

Management Discussion and Analysis

CASH FLOWS AND WORKING CAPITAL

The Group's cash and cash equivalents have increased from approximately RMB586,840,000 as at 31 December 2023 to approximately RMB661,318,000 as at 30 June 2024. The increase was mainly due to net cash generated from the Group's operating activities. The Group's working capital as at 30 June 2024 was RMB537,551,000, compared to RMB458,108,000 as at 31 December 2023.

As at 30 June 2024, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB182,226,000 (31 December 2023: RMB213,556,000), those denominated in Canadian dollars amounted to approximately RMB626,000 (31 December 2023: RMB634,000), those denominated in United States dollars amounted to approximately RMB110,053,000 (31 December 2023: RMB64,955,000). All other cash and cash equivalents held by the Group are denominated in RMB.

BORROWINGS

As at 30 June 2024, the Group had outstanding bank borrowings of approximately RMB30,000,000 (31 December 2023: RMB30,000,000), all of which were denominated in RMB. As at 30 June 2024, 100% of the interest-bearing bank loans and other borrowings held by the Group were at fixed rates.

GEARING RATIO

The Group monitors capital using gross gearing ratio which is total debt divided by total equity and net gearing ratio which is net debt divided by total capital plus net debt. Total debt includes interest-bearing bank borrowings. Net debt includes interest-bearing bank borrowings, lease liabilities, amounts due to related parties, trade payables, financial liabilities included in other payables and accruals, and other long-term liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

As at 30 June 2024, the gross gearing ratio was approximately 2.8% (31 December 2023: 3.1%). As at 30 June 2024 and 31 December 2023, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no net gearing ratio as at 30 June 2024 and 31 December 2023 was presented.

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.

Management Discussion and Analysis

GOLD PRICES AND OTHER COMMODITIES PRICES RISKS

The Group's revenue and profit were affected by fluctuations in the gold prices and other commodity prices as all of our products were sold at market prices and such fluctuations in prices were beyond our control. Our revenue is generated from the sale of gold bullion refined by third party smelters derived from gold concentrate processed by us, with reference to the prevailing Au (T+D) spot price as quoted on the Shanghai Gold Exchange. Historically, while the gold price has increased in value over time, it has fluctuated widely and there can be no assurance that the gold price will not continue to fluctuate in the future or that such prices will otherwise remain at sufficiently high levels to support our profitability and cash flow.

INTEREST RATE RISK

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings. The Group had not used any derivative financial instruments to hedge interest rate risk during the Reporting Period, and obtains all bank borrowings with a fixed rate.

CREDIT RISK

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. The balances of trade receivables were nil as at 30 June 2024 and as at 31 December 2023. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

FOREIGN EXCHANGE RISK

The Group's transactions are mainly denominated in Renminbi. As such, the fluctuations in exchange rates may affect international and domestic gold prices, which may therefore affect the Group's operating results. The Group has currency exposures mainly arising from cash at banks denominated in USD and CAD. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. The Group constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

RISK OF CHANGE IN INDUSTRY POLICIES

An array of laws, regulations and rules on the gold mining and refining industry in China constitutes the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation (including licences and permits), etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

Management Discussion and Analysis

PLEDGE

As at 30 June 2024, except RMB20,896,000 (31 December 2023: RMB19,232,000) of pledged deposits represented environmental rehabilitation deposits placed in banks for environmental rehabilitation of land the Group developed for the mine as required under the relevant PRC laws and regulations, the Group has not pledged any assets.

COMMITMENT

As at 30 June 2024, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were RMB7,584,000 (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities.

V. BUSINESS PROSPECTS

Gold prices have continued to hit fresh high in 2024 due to a wide range of factors such as from the escalating geopolitical risks, the interest rate outlook to the U.S. budget deficit concerns, inflation hedging and central bank buying. Gold price blistering rally this year was mainly fueled by expectations that during the first half of 2024 the Federal Reserve (Fed) would cut interest rates as many as three times as stubborn inflation started to ease. China's gold market represents approximately one fifth of global sales. Amid a landscape of growing geopolitical tensions and global uncertainties, such as the general elections in the US, the role of gold as a stable investment continues to reinforced. Central Banks in market such as China, India and Turkey are proactively boosting their gold reserves. Therefore, the China's gold spot price is expected to continue boosting gold prices rise in the foreseeable future.

For extension of the southern boundary of our Songjiahou Open-Pit Mine, the net proceeds from global offering has been used to fund the bench construction of mining infrastructure in accordance with our mine optimisation plan. Up to June 2024, we have completed the bench construction at +81 metres ASL. Furthermore, the bench construction at +69 metres ASL are almost completed except for a minor slope support infrastructure which will be completed by the end of September 2024. For the time being, we are working at +57 metres ASL and expected to be completed by the end of this year.

For upgrading of our gold reserves to increase life of mine, the Company signed a drilling contract with an independent third party contractor. The first phase of drilling of 10 holes is scheduled to complete on 30 September. The second phase of drilling of 17 holes is scheduled to be completed by the end of this year. At that time, a summary report of mineral drilling will be submitted to management for further review and consideration.

Management Discussion and Analysis

VI. USE OF PROCEEDS FROM GLOBAL OFFERING

Reference is made to the announcement of the Company dated 23 August 2024 in relation to, among other things, change in use of the Net Proceeds from the Global Offering (“**the UOP Announcement**”). Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the UOP Announcement.

The shares of the Company were listed on the Hong Kong Stock Exchange on 22 December 2023 and the Company obtained net proceeds of approximately HK\$218.3 million (after deducting the underwriting commissions and other expenses in connection with the exercise of the Global Offering).

For the period from the listing date (being 22 December 2023) up to 30 June 2024, the Company has utilized approximately HK\$24.9 million of the net proceeds raised from the Global Offering and the unutilised portion of the Net Proceeds amounted to approximately HK\$193.4 million.

Details of the original and the Revised Allocation of the Net Proceeds as at 30 June 2024 are as follows:

Business objective as stated in the Prospectus	% of the Net Proceeds	Net Proceeds and utilisation			Revised Allocation	Expected timeline for utilisation
		Actual amount available for utilisation	Utilised amount as of the date of this report	Unutilised Net Proceeds as of the date of this report		
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Further construction of mining infrastructure in accordance with the mine optimisation plan of the Group	20.4%	44.5	15.3	29.2	29.2	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	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	147.6	By February 2025
Repayment of existing bank loans guarantees	12.6%	27.5	0	27.5	Reallocated to acquisitions	N/A
Working Capital	10.0%	21.8	9.6	12.2	12.2	By December 2025
Total	100.0%	218.3	24.9	193.4	193.4	

Note: The portion initially allocated for repayment of existing bank loans guarantees is reallocated to the expansion of the business of the Group through selective acquisitions of gold mining assets. Other than that, the Group has no other changes to the use of the Unutilised Net Proceeds.

Corporate Governance and Other Information

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

As at 30 June 2024, 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 Securities and Futures Ordinance (the “**SFO**”) required to be notified to the Company and the Main Board of The Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities (the “**Listing Rules**”) (the “**Model Code**”), were as follows:

Name and Position	Name of the Company and/or associated corporation	Capacity	Number of shares held in the associated corporation	Position	Approximate percentage of shareholding in the issued share capital of the Company and/or associated corporation
Mr. Mackie James Thomas (executive Director)	Majestic Gold Corp.	Beneficial owner	280,000	Long	0.03%
Mr. Chen Li Bei (non-executive Director)	Persistence Resources Group Ltd	Interest of the spouse	18,180,000	Long	0.91%

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in the shares of the Company, 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.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 June 2024, 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	70.50%
Dongfang Gold Industry (Hong Kong) Limited ²	Beneficial owner	198,000,000	Long	9.90%

Note:

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 30 June 2024, 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.

Corporate Governance and Other Information

CHANGES IN THE INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

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 Li Bei has been appointed as a non-executive Director of the Company with effect from 26 June 2024.

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.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS

Save as disclosed in this report, none of the Directors had any interests in the share capital or debt securities of the Company or any of its associated corporations (as defined in the SFO). None of the Directors, supervisors and their spouses and children below eighteen years old was granted rights to subscribe for the interests in the share capital or debt securities of the Company or any of its associated corporations and there was no exercise of any of such rights by any of such person.

At no time during the Reporting Period had the Company or any of its subsidiaries, holding companies or any fellow subsidiaries entered into any arrangements which enable the Directors and supervisors to have the rights to acquire benefits by means of acquisition of shares or debentures in the Company or any other legal entities.

SUFFICIENT 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 six months ended 30 June 2024 and up to the date of this report.

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

For the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Corporate Governance and Other Information

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

For the Reporting Period, the Company did not issue any convertible securities, options, warrants or similar rights.

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 30 June 2024, the Company had a total of 485 employees.

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

Reference is made to the announcement of the Company dated 25 March 2024 where the Company's wholly-owned subsidiary PRG Res Holding 2 Ltd. entered into a letter of intent with a potential vendor (the **"Vendor"**) and a target company incorporated in the PRC (the **"Target Company"**), pursuant to which PRG Res Holding 2 Ltd. may acquire and the Vendor may sell, 70% of the issued share capital of the Target Company. The Target Company is principally engaged in gold mining and processing, emergency rescue for mine accidents, preventive safety inspection, property leasing and investment with its own fund. The Target Company owns mining licenses of three gold mines located in Yantai city of the Shandong Province in the PRC. The due diligence process on the Target Company is now carrying out by various professional parties such as lawyers, auditors, valuers and technical consultant.

Save as disclosed above and in this report, the Group did not have other plans for material investments or capital assets, or any other significant investments, acquisitions and disposals during the Reporting Period.

DETAILS OF SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no other material events occurring after the Reporting Period and up to the date of this report.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed below, since the listing date (being 22 December 2023, the “**Listing Date**”) of the Company and up to the date of this report, the Company had complied with the code provisions of the Appendix C1 to the Listing Rules (collectively, the “**CG Code**”). No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the CG Code by the Company at any time during the Reporting Period, except for certain deviations as specified with considered reasons for such deviations which are explained below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of the chairman of the Board (the “**Chairman**”) and chief executive officer (the “**CEO**”) of the Company should be separated and should not be performed by the same individual.

The Company has not separated the roles of Chairman and the CEO. Dr. Shao Xuxin (“**Dr. Shao**”) was the Chairman and also the CEO and is responsible for overseeing the operations of the Group. In view of the fact that Dr. Shao has been operating and managing the Group since 2019, the Board believes that it is in the best interests of the Group to have Dr. Shao taking up both roles for effective management and business development. The Board also believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although Dr. Shao performs both roles of Chairman and CEO, the division of responsibilities between the two roles is clearly established. While the Chairman is responsible for supervising the functions and performance of the Board, the CEO is responsible for the management of the Group’s business. The Board considers that the balance of power and authority for the present arrangement will not be impaired given the appropriate delegation of the power of the Board to the Senior Management for the day-to-day management of the Group, and the effective functions of the independent nonexecutive 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. The Directors will review the corporate governance policies regularly to ensure compliance with the CG Code.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders of the Company and their respective close associates of each are interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period.

Corporate Governance and Other Information

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 30 November 2023 and shall be valid until 30 November 2033. 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.

No option was granted by the Company under the Share Option Scheme during the Reporting Period, no material matter relating to the Share Option Scheme has been reviewed by the Remuneration Committee.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. After making specific enquiries with all Directors, all Directors confirmed that they have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules during the Reporting Period and up to the date of this report. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group throughout the period from the Listing Date to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to (i) review and supervise the Group's financial reporting process and internal control system, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Ngai Fan, Dr. Malaihollo Jeffrey Francis A and Dr. Zeng Ming. Mr. Chan Ngai Fan serves as the chairperson of the Audit Committee. The Audit Committee has reviewed this report and the unaudited consolidated interim financial statements of the Group as set out in this report for the Reporting Period. The Audit Committee is of the view that this report and the unaudited consolidated interim financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

Corporate Governance and Other Information

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INVESTOR RELATIONS

The Company considers that effective communication with the shareholders of the Company 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 of the Company 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 of the Company 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.

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 Reporting Period.

By the order of the Board

Shao Xuxin

Chairman

30 August 2024

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
REVENUE	5	236,173	196,659
Cost of sales		(110,693)	(104,277)
Gross profit		125,480	92,382
Other income and gains		10,725	5,428
Administrative expenses		(19,445)	(16,655)
Other expenses		(586)	–
Finance costs	6	(1,397)	(1,657)
PROFIT BEFORE TAX	7	114,777	79,498
Income tax expense	8	(35,910)	(26,729)
PROFIT FOR THE PERIOD		78,867	52,769
Attributable to:			
Owners of the parent		57,284	37,261
Non-controlling interests		21,583	15,508
		78,867	52,769

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of financial statements of subsidiaries		(2,388)	(9,266)
		(2,388)	(9,266)
<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		4,103	10,459
		4,103	10,459
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		1,715	1,193
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		80,582	53,962
Attributable to:			
Owners of the parent		58,999	38,454
Non-controlling interests		21,583	15,508
		80,582	53,962
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD			
Basic and diluted	10	RMB0.03	(Restated) RMB0.02

Interim Condensed Consolidated Statements of Financial Position

30 June 2024

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	350,700	342,520
Right-of-use assets		108,333	110,885
Intangible assets		114,191	117,843
Deferred tax assets		7,260	6,727
Other long-term assets		5,480	3,732
Total non-current assets		585,964	581,707
CURRENT ASSETS			
Inventories		17,282	21,821
Prepayments, other receivables and other assets		4,508	7,901
Restricted and pledged deposits		20,896	19,232
Cash and cash equivalents		661,318	586,840
Current portion of other long-term assets		400	400
Total current assets		704,404	636,194
CURRENT LIABILITIES			
Trade payables	12	10,909	10,273
Other payables and accruals		21,467	29,055
Deferred income		85	170
Interest-bearing bank and other borrowings		30,000	30,000
Tax payable		95,718	99,914
Provision		1,305	1,305
Current portion of other long-term liabilities		7,369	7,369
Total current liabilities		166,853	178,086
NET CURRENT ASSETS		537,551	458,108
TOTAL ASSETS LESS CURRENT LIABILITIES		1,123,515	1,039,815

Interim Condensed Consolidated Statements of Financial Position

30 June 2024

		30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
	Notes		
TOTAL ASSETS LESS CURRENT LIABILITIES		1,123,515	1,039,815
NON-CURRENT LIABILITIES			
Provision		25,415	25,091
Other long-term liabilities		23,844	23,878
Deferred tax liabilities		17,739	14,911
Total non-current liabilities		66,998	63,880
NET ASSETS		1,056,517	975,935
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	18,172	18,172
Reserves		868,615	809,616
		886,787	827,788
Non-controlling interests		169,730	148,147
TOTAL EQUITY		1,056,517	975,935

Interim Condensed Consolidated Statements of Changes In Equity

For the six months ended 30 June 2024

	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	RMB'000	RMB'000
	(note 13)									
At 1 January 2024 (audited)	18,172	214,663	370,792	46,720	-	11,722	165,719	827,788	148,147	975,935
Profit for the period	-	-	-	-	-	-	57,284	57,284	21,583	78,867
Other comprehensive income for the period:										
Exchange differences on translation of financial statements of group companies	-	-	-	-	-	1,715	-	1,715	-	1,715
Total comprehensive income for the period	-	-	-	-	-	1,715	57,284	58,999	21,583	80,582
Transfer from retained profits	-	-	-	8,635	-	-	(8,635)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(10,000)	(10,000)
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	10,000	10,000
Provision of safety fund surplus reserve	-	-	-	-	1,124	-	(1,124)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(1,124)	-	1,124	-	-	-
As at 30 June 2024 (unaudited)	18,172	214,663	370,792	55,355	-	13,437	214,368	886,787	169,730	1,056,517

* These reserve accounts comprise the total consolidated reserves of RMB868,615,000 in the condensed consolidated statement of financial position as at 30 June 2024.

Interim Condensed Consolidated Statements of Changes In Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Special reserve*	Exchange fluctuation reserve*	Retained profits*	Total		
	RMB'000 (note 13)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	1	384,492	34,755	–	12,236	122,387	553,871	122,233	676,104
Profit for the period	–	–	–	–	–	37,261	37,261	15,508	52,769
Other comprehensive income for the period:									
Exchange differences on translation of financial statements of group companies	–	–	–	–	1,193	–	1,193	–	1,193
Total comprehensive income for the period	–	–	–	–	1,193	37,261	38,454	15,508	53,962
Transfer from retained profits	–	–	6,203	–	–	(6,203)	–	–	–
Provision of safety fund surplus reserve	–	–	–	804	–	(804)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	(804)	–	804	–	–	–
As at 30 June 2023 (audited)	1	384,492	40,958	–	13,429	153,445	592,325	137,741	730,066

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		114,777	79,498
Adjustments for:			
Finance costs	6	1,397	1,657
Gain on disposal of items of property, plant and equipment	7	–	(59)
Depreciation of items of property, plant and equipment	7	21,383	15,998
Depreciation of right-of-use assets	7	5,160	4,477
Amortisation of intangible assets	7	3,652	3,980
		146,369	105,551
Decrease in inventories		4,539	7,342
Decrease/(Increase) in prepayments, other receivables and other assets		3,393	(2,787)
Increase/(decrease) in trade payables		636	(2,850)
Increase in restricted and pledged bank deposits		(1,664)	(1,618)
Decrease in other payables and accruals		(7,404)	(464)
Increase in provision		–	345
Cash generated from operations		145,869	105,519
Tax paid		(37,811)	(9,299)
Net cash flows from operating activities		108,058	96,220
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(30,644)	(28,412)
Proceeds from disposal of property, plant and equipment		–	59
Additions to intangible assets		(314)	–
Additions to right-of-use assets		(2,608)	–
Net cash flows used in investing activities		(33,566)	(28,353)

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of listing expenses	(936)	–
Increase in amounts due to related parties	–	456
Repayment of advances from related parties	–	(461)
Repayment of other long-term liabilities	(221)	(534)
Interest paid	(572)	(721)
Dividends paid to non-controlling interests	(10,000)	–
Contribution from non-controlling shareholders	10,000	–
Net cash flows used in financing activities	(1,729)	(1,260)
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,763	66,607
Cash and cash equivalents at the beginning of period	586,840	282,187
Effects of exchange rate changes on cash and cash equivalents	1,715	1,207
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	661,318	350,001
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	661,318	350,001
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS	661,318	350,001

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

1. CORPORATE AND GROUP INFORMATION

Persistence Resources Group Ltd (the “**Company**” or “**Group**”) is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the mining, processing and sale of gold bullion in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors, the holding company of the Company is Majestic Gold Corp., which was incorporated in the province of British Columbia, Canada.

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company’s subsidiaries are as follows:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Majestic Yantai Gold Ltd.*	(1)	British Virgin Islands/ 1 July 2004	USD50,000	100%	Investment holding
PRG Res Holding 1 Ltd.*	(1)	British Virgin Islands/ 15 January 2024	USD50,000	100%	Investment holding
PRG Res Holding 2 Ltd.*	(1)	British Virgin Islands/ 15 January 2024	USD50,000	100%	Investment holding
Indirectly held:					
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. (“ Yantai Zhongjia ”) **	(2)	PRC/Chinese Mainland/ 17 March 2005	RMB228,705,500	75%	Mining, processing and sale of gold
PRG Res HK 1 Limited**	(2)	Hong Kong/ 29 January 2024	HKD1	100%	Investment holding
PRG Res HK 2 Limited**	(2)	Hong Kong/ 29 January 2024	HKD1	100%	Investment holding

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

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

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate the Chinese name of this company as it does not have an official English name.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. The Interim Financial Information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

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:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Customer A	236,173	196,659

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue from contracts with customers	236,173	196,659

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

5. REVENUE (CONTINUED)**DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS**

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Types of goods or services		
Sale of gold bullion	236,173	196,659
Timing of revenue recognition		
Recognised at a point in time	236,173	196,659

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Interest on bank borrowings	314	717
Increase in discounted amounts of provisions and other long-term liabilities arising from the passage of time	1,083	940
Total	1,397	1,657

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Cost of inventories sold	110,693	104,277
Depreciation of property, plant and equipment*	21,383	15,998
Depreciation of right-of-use assets*	5,160	4,477
Amortisation of intangible assets*	3,652	3,980
Research and development costs	4,169	3,229
Gain on disposal of items of property, plant and equipment	–	(59)

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets for the period is included in "Cost of inventories sold", "Research and development costs" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX EXPENSE

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.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

8. INCOME TAX EXPENSE (CONTINUED)

The subsidiary of the Group operating in Chinese Mainland was generally subject to the PRC corporate income tax at a rate of 25% for the period.

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Current tax:		
PRC corporate income tax	33,615	22,458
Deferred tax	2,295	4,271
Total tax charge for the period	35,910	26,729

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:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Profit before tax	114,777	79,498
At the statutory income tax rate of 25%	28,694	19,875
Effect of tax rate differences in other jurisdictions	410	1,268
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	5,828	4,187
Expenses not deductible for tax	978	1,399
Total	35,910	26,729

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

9. DIVIDENDS

On 30 August 2024, the board of directors declared an interim dividend of HK\$0.0295 (six months ended 30 June 2023: Nil) per ordinary share, amounting to a total of approximately HK\$59,000,000 (six months ended 30 June 2023: Nil).

The interim dividend has not been recognised as a liability at the end of the reporting period.

10. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,000,000,000 (for the six months ended 30 June 2023: 1,500,000,000) in issue during the period used in the calculation is the number of ordinary shares in issue during the period.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: (RMB'000)	57,284	37,261
	Number of shares	
	2024	2023 (restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation:	2,000,000,000	1,500,000,000

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets of property, plant and equipment at a total cost of RMB29,563,000 (for the six months ended 30 June 2023: RMB39,647,000).

Assets with a net book value of nil were disposed of by the Group during the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil), resulting in a net gain on disposal of nil (for the six months ended 30 June 2023: RMB59,000).

The ownership certificates of certain property, plant and equipment with an aggregate net carrying value of RMB2,010,000 (30 June 2023: RMB2,172,000) have not yet been obtained as at 30 June 2024.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within one year	10,909	10,273

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

13. SHARE CAPITAL

SHARES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HKD0.01 each	18,172	18,172

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14. COMMITMENT

The Group had the following contractual commitments at the end of the reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Mining infrastructure	7,584	–

15. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with a related party during the period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Payment made by a related party on behalf of the Group:		
Majestic Gold Corp.	–	456
Repayment of amounts due to a related party:		
Majestic Gold Corp.	–	461

(b) Other transactions with related parties:

Yantai Dahedong Processing Co., Ltd. (“**Dahedong**”), Kong Fanzhong, Kong Fanbo and Yantai Baiheng Gold Mine Co., Ltd. with other independent third party, have guaranteed certain bank borrowings made to the Group of RMB30,000,000, and RMB30,000,000 as at 30 June 2024 and 31 December 2023.

In January 2024, the registered capital of Yantai Zhongjia Mining Co., Ltd. (“**Yantai Zhongjia**”) was increased from RMB188,705,500 to RMB228,705,500, of which the shareholder Majestic Yantai Gold Ltd. increased its capital by RMB30,000,000 and Dahedong increased its capital by RMB10,000,000. In January 2024, Yantai Zhongjia received the full amount of capital increase from Majestic Yantai Gold Ltd. and Dahedong.

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

- (c) Outstanding balances with related parties:

There was no outstanding balance with related parties as at 30 June 2024 and 31 December 2023.

- (d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Short-term employee benefits	3,292	2,191
Pension scheme contributions	110	94
Total compensation paid to key management personnel	3,402	2,285

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of other long-term assets and other long-term liabilities 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 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.

Notes to the Interim Condensed Consolidated Financial Information

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17. EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2024.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the board of directors on 30 August 2024.