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 ANNUAL REPORT

CONTENTS

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 (resigned on 4 February 2025)

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei (appointed on 26 June 2024)

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 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)

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

AUDITOR

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

Corporate Information

COMPLIANCE ADVISER

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

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

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.persistenceresource.com/

STOCK CODE

2489

Five-Year Financial Summary

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**499,505**	383,463	418,413	247,872	360,999
Gross profit	**253,759**	183,253	218,590	140,105	194,986
Profit before tax	**213,809**	146,257	184,908	87,210	169,313
Profit attributable to owners of the parent	**104,760**	65,025	83,214	41,624	82,403
Earnings per share *(RMB cents)*	**5.24**	4.30	5.55	2.77	5.49
			(Restated)	(Restated)	(Restated)

SUMMARY OF ASSETS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	**567,751**	581,707	554,171	552,394	560,177
Current Assets	**687,391**	636,194	331,878	223,195	248,973
Current liabilities	**139,376**	178,086	146,431	181,295	226,021
Non-current liabilities	**62,127**	63,880	63,514	64,749	37,128
Net assets	**1,053,459**	975,935	676,104	529,545	546,001
Equity attributable to owners of the parent	**883,464**	827,788	553,871	488,637	482,185
Non-controlling interests	**169,995**	148,147	122,233	40,908	63,816

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 and feed grade for the period indicated:

	For the year ended 31 December									
	2024		2023		2022		2021		2020	
Ore mined volume	**kt**		kt		kt		kt		kt	
Songjiagou Open-Pit Mine	**1,899.3**		1,740.7		1,899.2		960.0		1,499.2	
Songjiagou Underground Mine	**90.0**		90.0		90.0		10.7		89.9	
Total	**1,989.3**		1,830.7		1,989.2		970.7		1,589.1	
Ore processed volume	**kt**		kt		kt		kt		kt	
Songjiagou Open-Pit Mine	**1,899.5**		1,835.7		1,900.9		1,013.1		1,500.2	
Songjiagou Underground Mine	**90.0**		90.0		90.0		10.7		89.9	
Total	**1,989.5**		1,925.7		1,990.9		1,023.8		1,590.1	
	kg	**oz**	kg	oz	kg	oz	kg	oz	kg	oz
Gold production volume	**904.3**	**28,872.0**	882.3	28,366.4	1,072.5	34,481.1	576.9	18,547.8	991.4	31,874.3
	kg	**oz**	kg	oz	kg	oz	kg	oz	kg	oz
Gold sales volume	**913.3**	**29,363.3**	872.3	28,043.6	1,084.9	34,880.4	645.50	20,753.4	987.40	31,745.7
Processing plant gold recovery rate	**94.52%**		94.46%		95.31%		95.33%		95.82%	
	(g/t)		(g/t)		(g/t)		(g/t)		(g/t)	
Feed grade	**0.53**		0.53		0.62		0.62		0.70	

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.

Chairman's Statement

To Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Persistence Resources 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 2024 (the "**Year**"). I would also like to express our kind 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 of the Shandong Province.

During the year, we have successfully executed the future plans as disclosed in the heading of Future Plans and Use of Proceeds of our Prospectus dated 14 December 2023 such as the further construction of mining infrastructure, exploration work for upgrade of gold reserves. Further details, please refer to the page 17, USE OF PROCEEDS FROM GLOBAL OFFERING.

Chairman's Statement

On 25 November 2024, the Company announced the acquisition of 52% equity of Yantain Mujin Mining Company Limited ("**Mujin**") through its wholly owned subsidiaries, PRG Res HK 2 Limited and Majestic Yantai Gold Ltd. at the consideration of RMB81,900,000 which comprised share purchase and capital increase transactions.

On 13 January 2025, the Company announced that all the conditions precedent to the share purchase transactions had been fulfilled. On 24 February 2025, the Company further announced that all the conditions precedent to the capital increase transactions had been fulfilled. Therefore, the completion of the acquisition took place as at the date of the announcement in accordance with the terms of the relevant share purchase and capital increase agreement. 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 Mujin and become its controlling shareholder. Mujin has therefore become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

RESULTS

The revenue of the Group for the year ended 31 December 2024 and 2023 was approximately RMB499,505,000 and approximately RMB383,463,000 respectively, representing an increase of approximately 30.3%. The net profit of the Group for the year ended 31 December 2024 and 2023 was approximately RMB146,608,000 and approximately RMB94,939,000 respectively, representing an increase of approximately 54.4%. Details of the Group's results and prospects will be discussed under the section of "Management Discussion and Analysis" in this 2024 annual report of the Group.

OUTLOOK

In the year 2025, we will benefit from the completion of phase 2 benches construction in accordance with our mine optimization plan. Furthermore, the completion of the drilling exploration work in last year should strive the new milestone for upgrading our gold reserves to increase the life of mine of our Songjiagou Open-Pit Mine. Furthermore, the acquisition of Mujin should have promising synergy effect on our existing mine production. We continuously aim to achieve sustainable growth in order to strengthen the Group's position in the Shandong Province. Finally, we will integrate ESG, 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 to responsibility as a listed company, and creating added value for all stakeholders.

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.

Shao Xuxin
Chairman

Hong Kong, 28 March 2025

Management Discussion and Analysis

I. RESULTS FOR THE YEAR

GOLD PRODUCTION

For the Year, the Group's total gold production volume (after smelting) was approximately 904.3 kg (or approximately 28,872.0 ounces), representing an increase of approximately 2.5% as compared to the previous year. The increase in total gold output was mainly due to stable production as compared with the temporary pause of mining activities during May to mid-July 2023 to facilitate the safety inspection on our newly constructed benches.

REVENUE

For the Year, the Group's revenue was approximately RMB499,505,000 (2023: RMB383,463,000), representing an increase of approximately 30.3% as compared to the previous year. The increase was mainly attributable to the increase in the average selling price by approximately 24.4% and the increase in sales volume by 4.7% as compared to the previous year.

NET PROFIT

For the Year, the Group's net profit was approximately RMB146,608,000 (2023: RMB94,939,000), representing an increase of approximately 54.4% as compared to the previous year. 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, exploration cost and professional fee incurred for acquisition of 52% equity of Mujin.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION

For upgrading of our gold reserves to increase life of mine and to conduct exploratory drilling as disclosed in the section of "Future Plans and Use of Proceeds" of the Prospectus, the Company signed a drilling contract with an independent third party contractor. The drilling of 23 holes has been completed in December 2024 at a cost of approximately RMB5,424,000. This amount was included as exploration expenditures in the administrative expenses. Cost of sales was directly attributable to the expenditure incurred on mining production activity. The amount of cost of sales was presented in the consolidated statement of profit or loss and other comprehensive income on page 113 in this Annual 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 RMB5.24 cents (2023: RMB4.30 cents), representing an increase of approximately 21.8% as compared to the previous year.

DIVIDEND

On 30 August 2024, our Company declared and paid interim dividends of approximately HK$59,000,000 to our shareholders, which were fully settled 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. 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.

II. MARKET OVERVIEW

During the year, gold performed exceptionally well. The positive performance was linked to the factors such as strong central bank and investor demand, which offset declining consumer demand especially from China; heightened geopolitical risk including the Russia-Ukraine war and the Middle East (Israel-Hamas) war along with a busy electoral year across the world; and short periods of opportunity costs when markets saw lower yields and a weakening US dollar.

In the past two years, major central banks around the world have been hoarding gold, especially the People's Bank of China, which began to rapidly increase its gold holdings in March 2022. Since the outbreak of the Russia-Ukraine war, Russia has been expelled from the US dollar system and turned to purchasing large amounts of gold. Other countries such as India have also increased their gold reserves to hedge against US dollar risks. This trend is expected to continue into 2025.

In addition, heightened geopolitical tensions, including the Russia-Ukraine conflict and intensified tensions in the Middle East, have made the unstable global economy worse, increasing the appeal of gold as a safe-haven asset. Investors have flocked to gold amid concerns about currency devaluation and economic instability.

At the same time, Asian consumer demand provided strong support in the first half of the year. In the summer, as Asian demand cooled down, western investors entered the market and provided new support for gold prices as the Federal Reserve began to ease policy. In September 2024, the Federal Reserve cut interest rates by 50 basis points for the first time since 2020, and cut it by another 25 basis points in November, adjusting the federal funds target rate range to 4.5% to 4.75%. In December 2024, as expected, Federal Reserve cut interest rates by another 25 basis points, further lowering the federal funds target rate range to 4.25% to 4.5%. Gold itself does not generate interest, so lower borrowing costs are good for gold.

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 May 2024. In the second half of 2024, the global gold spot price continued to rise reaching the highest price at US$2,783.95 per ounce in the October 2024, closed at US$2,610.85 in December 2024 and the average global gold spot price for the year was US$2,387.2 per ounce for the whole year.

China's gold spot price continued to rise in the first half of 2024, reaching the highest RMB574.1 per gram in May 2024. In the second half of 2024, the gold spot price continued to rise reaching in the highest RMB636.0 per gram in October 2024, closed at RMB614.8 per gram in December 2024 and the average gold spot price for the year was RMB556.3 per gram for the whole year.

III. BUSINESS REVIEW

In the Year, the gold production volume (after smelting) of the Group was approximately 904.3 kg (equivalent to approximately 28,872.0 ounces), representing an increase of approximately 22.0 kg (equivalent to approximately 860.5 ounces) or 2.5% as compared with the previous year. The increase in gold production volume (after smelting) was primarily stable production compared with the temporary pause of production during May to mid-July 2023 to facilitate the safety inspection on our newly constructed benches. Due to the increase in the gold production and the decrease in gold inventory leading to the increase in the sales of gold bullion, the Group's revenue increased by approximately 30.3% to approximately RMB499,505,000 (2023: RMB383,463,000) as compared with previous year. The net profit of the Group was approximately RMB146,608,000 (2023: RMB94,939,000). The basic and diluted earnings per share amounted to approximately RMB5.24 cents (2023: RMB4.30 cents).

IV. MINERAL RESOURCES AND RESERVES

MINERAL RESOURCES AND RESERVES STATEMENT FOR SONGJIAGOU OPEN-PIT AND UNDERGROUND MINE AS AT 31 DECEMBER 2024[1,2]

		Resources		Reserves	
		Indicated	Inferred	Proved	Probable
Open pit	Cut-off grade (g/t)	0.3	0.3	–	0.3
	Ore (kt)	32,300	35,900	–	20,800
	Gold Grade (g/t)	1.09	0.94	–	1.16
	Gold Content (kg)	35,200	33,800	–	24,200
	Gold Content (koz)	1,130	1,090	–	777
Underground	Cut-off grade (g/t)	0.7	0.7	–	0.7
	Ore (kt)	1,620	2,990	–	489
	Gold Grade (g/t)	1.38	1.24	–	1.41
	Gold Content (kg)	2,240	3,710	–	691
	Gold Content (koz)	72	119	–	22

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 13 February 2025.

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 reserve estimates

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

1.2 The information with regard to Mineral Resource estimates is based on information compiled by employees of SRK Consulting China Ltd. They have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Qualified Persons as defined in the NI 43–101. Dr Xu and Mr Li consent to the reporting of this information in the form and context in which it appears.

2. Mineral resources estimates

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

2.2 For open pit mine, both the mining dilution and loss are set to 5%. For underground mine, the mining dilution rate is 11%. The mining recovery rate is 92%.

2.3 The mineral reserves are included in the mineral resources. They shouldn't be added to the mineral resources.

2.4 The information which relates to Mineral Reserve conversion is based on information compiled by employees of SRK Consulting China Ltd. They have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Qualified Persons as defined in the NI 43–101.4. 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.

V. FINANCIAL ANALYSIS

REVENUE

For the Year, the Group's revenue was approximately RMB499,505,000 (2023: RMB383,463,000), representing an increase of approximately 30.3% as compared to the previous year. The increase was mainly attributable to the increase in the average selling price by approximately 24.4% and the increase in sales volume by 4.7% as compared to the previous year.

Management Discussion and Analysis

COST OF SALES

For the Year, the Group's cost of sales was approximately RMB245,746,000 (2023: RMB200,210,000), representing an increase of approximately 22.7% as compared to the previous year. The increase was attributed to several factors including an increase in depreciation expense, smelting cost and underground mine safety production expense as well as an increase in resources taxes.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Year, the Group's gross profit was approximately RMB253,759,000 (2023: RMB183,253,000), representing an increase in gross profit of approximately 38.5%. 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 50.8% (2023: 47.8%), representing an increase in gross profit margin of approximately 3.0% as compared to the previous year. The increase was mainly attributable to the increase in average selling price, partially offset by the increase in the cost of sales.

OTHER INCOME AND GAINS

During the Year, the Group's other income and gains were approximately RMB19,703,000 (2023: RMB9,851,000), representing an increase of approximately 100.0% as compared to the previous year. The increase in other income and gains was mainly attributable 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 RMB55,497,000 during the Year (2023: RMB43,239,000), representing an increase of approximately 28.3% as compared to the previous year. The increase of administrative expenses was mainly due to the higher post-listing administrative expenses, the increase in research and development expenses, the increase in the legal and professional fee in connection with the acquisition of Mujin and the exploration expenditure for drilling project which were included in the administrative expenses.

OTHER EXPENSES

For the Year, the Group's other expenses were approximately RMB1,699,000 (2023: RMB17,000), representing an increase of approximately RMB1,682,000 as compared to the previous year. The increase was mainly attributable to the increase in penalty payable for the previous years resources tax due to the change in calculation method on previous years resources tax by local taxation bureau.

FINANCE COSTS

For the Year, the Group's finance costs were approximately RMB2,457,000 (2023: RMB3,170,000), representing a decrease of approximately 22.5% as compared to the previous year. The decrease was mainly due to the decrease in interest expenses paid to bank as the bank loan has been repaid during the year.

INCOME TAX EXPENSES

For the Year, the Group's income tax expenses were approximately RMB67,201,000 (2023: RMB51,318,000), representing an increase of approximately RMB15,883,000 as compared to the previous year. The increase was primarily due to the increase in profit before tax of the Group. During the Year, the corporate income tax within the territory of the PRC has been provided at a rate of 25% (2023: 25%) on the taxable income. The effective tax rate of the Group is approximately 31.4% during the Year (2023: approximately 35.1%).

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Year, the Group's profit attributable to the owners of the parent was approximately RMB104,760,000, representing an increase of approximately 61.1% from approximately RMB65,025,000 in 2023. The increase was mainly due to the increase in the profit after tax as a result of the increase in the sales volume mainly due to stable production in this year as compared with the temporary pause of mining activities during May to mid-July 2023.

LIQUIDITY AND CAPITAL RESOURCES

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations, bank borrowings and capital injection from shareholders, while the Group's capital for operating activities is mainly utilized to provide funding for purchase of raw materials, various operating expenses and capital expenditure. The net working capital of the Group were RMB 548,015,000 as at 31 December 2024. 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 RMB586,840,000 as at 31 December 2023 to approximately RMB639,599,000 as at 31 December 2024. The increase was mainly due to the profits earned during the year 2024.

As at 31 December 2024, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB171,204,000 (2023: RMB213,556,000), those denominated in Canadian dollars amounted to approximately RMB605,000 (2023: RMB634,000), those denominated in United States dollars amounted to approximately RMB65,983,000 (2023: RMB64,955,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Management Discussion and Analysis

BORROWINGS

As at 31 December 2024, the Group had no outstanding bank borrowings (2023: RMB30,000,000 and was repaid on 5 September 2024). All borrowings were denominated in RMB and bore 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. Net debt includes interest-bearing bank borrowings, amounts due to related parties, trade payables, financial liabilities included in other payables and accruals, and other long-term liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

MARKET RISKS

The Group is exposed to a variety of financial risks such as interest rates risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

GOLD PRICES AND OTHER COMMODITIES PRICES RISKS

The Group's revenue and profit were affected by fluctuations in the gold prices and other commodity prices as all of our products were sold at market prices and such fluctuations in prices were beyond our control. Our revenue is generated from the 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 obtains all bank borrowings with a fixed rate.

CREDIT RISK

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. The balances of trade receivables were nil as at 31 December 2024 and 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 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 2024, except RMB21,212,000 of pledged deposits represented mainly environmental rehabilitation deposits placed in banks for environmental rehabilitation of land the Group developed for the mine as required under the relevant PRC laws and regulations, the Group has not pledged any assets.

CONTRACTUAL OBLIGATIONS

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

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

VI. BUSINESS PROSPECTS

Looking ahead to 2025, the US interest rate cut cycle will continue, which should benefit gold market. The interest rate cuts, combined with current geopolitical conflicts, excessive levels of U.S. debt, further political unrest in Europe, and concerns about the threat of an escalating trade war will continue to support gold investment in the medium to long term. However, analysts predict that gold's price gains will be more modest than its bright performance in 2024, as interest rate policies, declining consumer demand in major markets such as China, possible cooling of geopolitical risks, and the current unpredicted continuous swinging U.S. foreign and economic policy may limit gold's growth prospects.

The acquisition to have major control on the Mujin project is consistent with the Group's growth strategy to expand its mineral resources and to boost its ore processing capacity to support the Group's sustainable growth in the longer run. The Denggezhuang ("**DGZ**") Mine of the Mujin Project had probable mineral reserve of approximately 4,940 kg of gold as at 31 December 2024, representing approximately 16.6% of the Group's probable mineral reserve of gold as at 31 December 2024. The processing plant of the DGZ Mine is expected to be upgraded to 900 tonnes of ore per day, representing approximately 15% of the Group's current processing capacity.

During the year, the Company has already completed the fourth, fifth, sixth benches and phase 1 of the seventh bench construction and development as mentioned in the heading of Future Plans and Use of Proceeds of our Prospectus dated 14 December 2023. In June 2025, phase 2 of the seventh bench will be completed. Thereafter, the Company will further discuss with SRK team and work out a new optimization plan in order to fit for our current production plan.

In December 2024, the Company has completed the exploration work as disclosed in the heading of Future Plans and Use of Proceeds of our Prospectus dated 14 December 2023. A total of 23 drillings were completed in this exploration work, of which 10 drillings strengthened the control of the alteration zone in the open pit, and 13 drillings carried out preliminary control of the ore body strike at the edge of the existing mining boundary and the extension of the deep ore body, and preliminary controlled the bottom morphology of the mineralized rock body.

Through this exploration work, the geological and structural overview of the open pit was basically ascertained, the number, scale, shape, occurrence and ore quality of the ore body were also basically ascertained, and the technical conditions for mining the deposit were basically understood. The strike of the ore body at the edge of the mining right and the deep extension of the ore body were preliminary controlled, and the strike of the ore body and the deep extension of the tendency were preliminary confirmed. The bottom morphology of the mineralized rock body was preliminary controlled, and the bottom morphology of the mineralized conglomerate was preliminary ascertained. It provides a data base for the full utilization of resources in the future, as the work is comprehensive and the effect is good. SRK has been appointed to further analyze on the assay results of the exploration work and make recommendation for optimizing production utilization plan by the end of 2025.

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 2024, the Company has utilized approximately HK$65.0 million of the net proceeds raised from the Global Offering. The Company intends to use the net proceeds in the same manner and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

Details of the use of the net proceeds as at 31 December 2024 are listed as below:

	Net Proceeds and utilization				
Business objective as stated in the Prospectus	Percentage of the Net Proceeds	Actual amount available for utilization *HK$ million*	Utilized amount as of 31 December 2024 *HK$ million*	Remaining amount as of 31 December 2024 *HK$ million*	Expected timeline for utilization
Further construction of mining infrastructure in accordance with our mine optimization plan	**20.4%**	**44.5**	**32.5**	**12.0**	**By June 2025**
Upgrade gold reserves to increase LoM through additional exploration activities at our existing mine area	**2.0%**	**4.4**	**2.5**	**1.9**	**By February 2025**
Expand our business through selective acquisitions of gold mining assets	**67.6%**	**147.6**	**11.9**	**135.7**	**By February 2025**
Working Capital	**10.0%**	**21.8**	**18.1**	**3.7**	**By December 2025**
Total	**100.0%**	**218.3**	**65.0**	**153.3**	

Management Discussion and Analysis

Notes:

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

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

3. As at 31 December 2024, net proceeds not yet utilized were deposited with a licensed bank in Hong Kong.

4. With reference to the acquisition of Mujin completed in February 2025, the remaining net proceeds allocated under "Expand our business through selective acquisitions of gold mining assets" were used to settle the consideration and capital contribution, and earmarked for supporting the mining operation and the repayment of its shareholders' loan, if appropriate.

5. The exploration project has been completed in December 2024. The remaining amount as at 31 December 2024 represents the retention money for the project which has been settled in February 2025.

6. 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 obtained a secondary school graduation diploma from Earl of March Secondary School. He is a Certified General Accountant of The Certified General Accountants Association of British Columbia and the Certified General Accountants Association of Canada since August 2007 and October 2007, respectively. 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 also been serving as a director of Majestic Yantai BVI since October 2018, the chief financial officer and the corporate secretary of Majestic Gold since March and November 2013 respectively. From September 2005 to September 2012, he has served as a corporate controller for companies listed on the TSX Venture Exchange at Golden Oak Corporate Services Ltd., the chief financial officer and the corporate secretary of Global Hunter Corp. (previously listed on the TSX Venture Exchange, stock symbol: BOB.H) from September 2012 to July 2014, the chief financial officer and the corporate secretary of Delta 9 Cannabis Inc. from September 2012 to July 2014, and a director of Majestic Gold from March 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.

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 resigned as a Director in February 2025.

Directors, Supervisors and Senior Management Profile

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 an 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, a member of each of the Geological Society of America and the Association of Mining Analysts. He was appointed as an independent non-executive Director of the Company in November 2023, and he has also been serving 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) since July 2016. From June 2000 to August 2010, he has served as a director and the head of research of Loeb Aron & Company Ltd, 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 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.

Directors, Supervisors and Senior Management Profile

Mr. CHAN Ngai Fan, aged 45, 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) and Capital Finance Holdings Limited (listed on the Stock Exchange, stock code: 8239.HK) since July 2020 and January 2022 respectively, and company secretary, authorised representative and process agent of China Bozza Development Holdings Limited (listed on the Stock Exchange, stock code 1069.hk) since May 2022. 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, and 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.

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, and he has also been serving as a professor of mineral processing engineering of China University of Mining & Technology – Beijing since July 1988. 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)).

Directors, Supervisors and Senior Management Profile

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. 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 Huaao 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.* (深圳市貓仨創新科技有限公司) from September 2022 to November 2023.

COMPANY SECRETARY

Mr. LO Cheuk Kwong Raymond, whose biographical details are set out on page 20 of this annual report.

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.

Directors, Supervisors and Senior Management Profile

Mr. ZHOU Shufeng, aged 43, born in September 1982. He obtained 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 has 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 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Persistence Resources 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 35 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. No strikes and cases of fatality due to workplace accidents were found during the Year.

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 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 2024 and the Group's financial position as at 31 December 2024 are set out in the consolidated financial statements on pages 115 to 116.

The Board does not recommend the payment of a final dividend to the Shareholders for the year ended 31 December 2024.

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.

DONATION

The Group donated a sum of approximately RMB50,000 for the year ended 31 December 2024 (2023: Nil).

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 2024 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 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. Further details of the Share Option Scheme were set forth in the section headed "Statutory and general information – D. Share Option Scheme" in Appendix V to the Prospectus.

PARTICIPANTS

Persons eligible to participate in the Share Option Scheme include (i) any directors, employees, executives or officers of the Group, including persons who are granted Options as an inducement to enter into employment contracts with the Group; (ii) any directors or employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any advisers, consultants, suppliers, customers and agents to the Group; 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 the 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 the Group, the assessment of which are (a) contribution to the development and performance of the Group; (b) quality of work performed for the Group; (c) initiative and commitment in performing his/her duties; and (d) length of service or contribution to the 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 the 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 this Scheme (or any other share option schemes of the Company) for the purpose of calculating the Scheme Limit and, if applicable, the service provider sublimit which shall be set within the Scheme Limit.

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The maximum number of Shares issuable under share options to each participant under the Share Option Scheme within any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company as at the date of grant. Any further grant of share options in excess of such limit will be subject to Shareholders' approval in a general meeting (with such selected participant and his associates abstaining from voting).

Share options granted to a Director, chief executive of the Company or substantial Shareholder, or to any of their associates (as defined in the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the issued share capital of the Company within any 12-month period up to the date of grant, are subject to Shareholders' approval in advance in a general meeting (with such grantee, his associates and all core connected persons of the Company abstaining from voting).

TIME OF EXERCISE OF AN OPTION AND DURATION OF THE SHARE OPTION SCHEME

The Board shall, in accordance with the provisions of the Share Option Scheme, be entitled but shall not be bound, at any time within a period of ten years commencing on the date on which the shareholders of the Company approve the Share Option Scheme (the "**Adoption Date**") to make an offer to such eligible participant as the Board may in its discretion select to subscribe for such number of Shares at the subscription price as the Board shall determine. The Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls ten years after the Adoption Date, after which period no further options may be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

GRANT OF OPTION AND ACCEPTANCE OF AN OFFER OF OPTIONS

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such relevant acceptance date shall be determined by the Board and set out in the relevant offer document.

Since the adoption of the Share Option Scheme, the Company did not grant any share options under the Share Option Scheme to any other persons during the year under review that is required to be disclosed under rule 17.07 of the Listing Rules. Therefore, no option was exercised, cancelled or lapsed during the period from the Listing Date to 31 December 2024 and there was no outstanding share options as at 31 December 2024.

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 2024, the Company did not issue any convertible securities, options, warrants or similar rights.

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

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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.

Report of the Directors

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2024, calculated under the Companies Act (as revised) of the Cayman Islands, amounted to approximately RMB520,391,000 (2023: approximately RMB525,411,000). 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 2024. The aggregate purchases from the five largest suppliers and subcontractors of the Group accounted for approximately 58.8% and 21.4% of the Group's total purchases during the year ended 31 December 2024 respectively. The purchases from the largest supplier and subcontractor of the Group accounted for approximately 34.5% and 12.1% of the Group's total purchases during the year ended 31 December 2024 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.

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
Mr. Chen Shaohui (resigned on 4 February 2025)

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei (appointed on 26 June 2024)

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. Lo Cheuk Kwong Raymond, Mr. Chan Ngai Fan, and Ms. Liu Li, 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.

CHANGES IN INFORMATION OF THE DIRECTORS

For the financial year ended 31 December 2024, there is no change to any information required to be disclosed in relation to any Directors under Rule 13.51B of the Listing Rules.

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.

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 2024 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 2024, the Company had a total of 506 employees. During the Year, the total training hours of employees were 2,508 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 2024 and up to the date of this annual report.

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 32 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 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2024, 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 2024, the interests or short position of the Directors and chief executive of the Company in 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 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:

Name and Position	Name of associated corporation	Capacity	Number of shares held in the associated corporation	Position	Approximate percentage of shareholding in the issued share capital of the associated corporation
Mr. Mackie James Thomas (executive Director)	Majestic Gold Corp.	Beneficial owner	620,000	Long	0.06%
Mr. Chen Libei (non-executive Director)	Company	Interest of spouse	18,180,000	Long	0.91%

Save as disclosed above, as at 31 December 2024, 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 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%

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 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.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS

At no time during the year ended 31 December 2024 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 2024 are set out in note 32 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 2024, 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 2024.

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.

The Company has also received a statement under the Non-competition Agreement from Majestic Gold Corp. on 6 February 2025, 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 2024.

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 2024.

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 2024. 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.

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

Reference is made to the announcement (the "**Announcement**") of the Company dated 25 November 2024. Unless otherwise defined herein, capitalised terms used in this section shall have the same meanings as defined in the Announcement.

On 25 November 2024, PRG Res HK 2 Limited, Majestic Yantai Gold Ltd., the Mujin Existing Shareholders, Mr. Lin, Ms. Suen and Mujin entered into the Share Purchase and Capital Increase Agreement which comprises of (i) the Share Purchase; and (ii) the Capital Increase, at the Consideration of RMB81,900,000. Upon the completion of the Acquisition, the Group will hold 52% equity interest in Mujin. As a result, Mujin will become an indirect non-wholly-owned subsidiary of the Company and the Target Company's financial results will be consolidated into the Group's financial statements. The aforementioned transaction was completed as the final payment was made on 21 February 2025.

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

DETAILS OF SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

Save aforesaid as disclosed 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 ("**2024 AGM**") will be held on 26 June 2025. A notice convening the 2024 AGM together with the circular of the Company will be published on the Company's website at www.persistenceresource.com and the Stock Exchange website at www.hkexnews.hk, and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the shareholders who are entitled to attend the 2024 AGM, the register of members will be closed from 23 June 2025 to 26 June 2025, both days inclusive, during which no transfer of shares will be registered.

To be qualified for attending and voting at the 2024 AGM, the shareholders whose transfer has not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's shares registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration at or before 4:30 p.m. on 20 June 2025.

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 2024 have been audited by Ernst & Young, who will retire at the 2024 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 2024 AGM.

By the order of the Board

Shao Xuxin
Chairman
28 March 2025

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.

All the Directors confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code during the period from the Listing Date to the date of this report.

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 commit tee (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.

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

During the year, the Board currently comprises eight members, consisting of four executive Directors, one non-executive and four independent non-executive Directors. One executive director resigned on 6 February 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 19 to 23 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.persistenceresource.com. Independent non-executive Directors are identified in all corporate communications that disclose the names of the Directors.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date or from the date of appointment subject to termination as provided therein.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date subject to termination as provided therein.

Mr. Chen Li Bei, who was appointed to the Board on 26 June 2024, had obtained legal advice from Li & Partners as required under Rule 3.09D of the Listing Rules on 26 June 2024 and has confirmed his understanding of the obligations as a non-executive Director of the Company.

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 2024, as well as the number of such meetings held, are set out below:

	Number of meetings attended/held				
Name of Director	Board meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
Executive Directors					
Shao Xuxin[1]	4	N/A	1	0	1
Mackie James Thomas	4	N/A	N/A	N/A	1
Lo Cheuk Kwong Raymond[2]	4	N/A	N/A	N/A	1
Chen Shaohui (resigned on 4 February 2025)	4	N/A	N/A	N/A	1
Non-Executive Director					
Chen Libei (appointed on 26 June 2024)	2	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Malaihollo Jeffrey Francis A	4	3	1	0	1
Chan Ngai Fan[3]	4	3	1	0	1
Zeng Ming[4]	4	3	1	0	1
Liu Li	4	N/A	N/A	N/A	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.
4. Chairman of the Remuneration Committee.
5. No Remuneration Committee meeting has been held during the year.

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 to take and keep 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 2024, the Board consisted of four independent non-executive Directors, accounting for approximately 44.4% 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 2024.

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 2024, 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 trainings 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 2024, all Directors have participated in continuous professional development by attending seminars/in-house briefing/reading materials to develop and refresh their knowledge and skills.

Name of Director	Type of continuous professional development: Attending seminars, conferences, workshops and in-house briefings	Reading materials and updates
Executive Directors		
Dr. Shao Xuxin	✔	✔
Mr. Mackie James Thomas	✔	✔
Mr. Lo Cheuk Kwong Raymond	✔	✔
Mr. Chen Shaohui (resigned on 4 February 2025)	✔	✔
Non-Executive Director		
Mr. Chen Libei (appointed on 26 June 2024)	✔	✔
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 2024, 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.

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 86% were male and approximately 14% were female as at 31 December 2024. 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.

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.persistenceresource.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 2024

As mentioned in the section of "THE BOARD – Board Meetings and Attendance", four Board committee meetings were held during the year. The Board will provide a summary of the work of the Audit Committee according to the requirements as set out in the CG Code in the next annual 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.persistenceresource.com. The terms of reference of the Nomination Committee was adopted on 30 November 2023.

The Nomination Committee comprises of four members 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, both being independent non-executive Directors.

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.

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 2024

In May 2024, the Nomination Committee nominated Mr. Chan Leibei as non-executive director of the Company. His appointment was effective on 26 June 2024 after passing resolution hold at the Annual General Meeting on the same date.

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.persistenceresource.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 2024, since there was no share option granted under the share option scheme of the Company, no material matter relating to the share option scheme has been reviewed by the Remuneration Committee.

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 2024

During the year, the Remuneration Committee has not held any meeting as they considered that the existing remuneration policy is appropriate for the Company. Should there be any new circumstance, the Committee will hold meeting according to the requirements as set out in the CG code in the coming year.

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.

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.

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 2024 is set out below:

Remuneration bands	Number of person(s)
Below HK$1,000,000 (approximately equivalent to RMB549,000)	2
HK$1,000,001–HK$2,000,000	0

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 2024, 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 2024, Ernst & Young, received RMB1,865,000 for provision of audit service. No non-audit services was provided by Ernst & Young for the year ended 31 December 2024.

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 2024.

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 2024 and of the Group's results and cash flows for the year ended 31 December 2024. In preparing the consolidated financial statements of the Group for the year ended 31 December 2024, 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 2024, 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 2024 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.

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.2.6 and D.2.7 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 2024. Such review is conducted annually. In this year, the scope of review included revenue cycle, production cycle, cash management cycle, financial reporting and disclosure cycle and the procedures for the management of bank acceptance bills. During the year ended 31 December 2024, our Directors, senior management, 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 considered 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 serious 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.

WORK DONE BY AN INDEPENDENT PROFESSIONAL PARTY

COMPLIANCE WITH FRAMEWORK SALES CONTRACT AND SMELTING CONTRACT

Pursuant to the disclosure in our Prospectus, the Group has engaged an external independent professional party to conduct reviews on every sales, smelting, and sulfuric acid compensation transaction with Shandong Guoda to ensure compliance with the terms of the new framework sales contract and the smelting contract. The review period covers from the Listing Date to 31 December 2024.

The external independent professional party has completed the review for the financial year ended 31 December 2024 and confirmed that no discrepancies were identified. Accordingly, all relevant transactions have been executed in full compliance with the terms of the new framework sales contract and the smelting contract.

To further enhance the Group's corporate governance and internal control, the review committee headed by Mr. Lo Cheuk Kwong Raymond ("**Mr. Lo**"), an Executive Director and Chief Financial Officer of the Company, has conducted ongoing monitoring of transactions throughout the period and prepared quarterly reports confirming that all transactions were conducted in accordance with the established terms without deviation. The review committee confirmed compliance with the contractual terms. Additionally, our Company's compliance adviser has completed its review of every sales, smelting, and sulfuric acid compensation transaction with Shandong Guoda during the period and confirmed compliance with the contractual terms.

The Company will continue to maintain its enhanced monitoring and reporting procedures to ensure ongoing compliance and transparency in transaction execution.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Lo. The Company Secretary is a full-time employee of the Company and 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 2024, 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.

Corporate Governance 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.persistenceresource.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 "**2024 AGM**") for the year ended 31 December 2024 is scheduled to be held on 26 June 2025. The notice of the 2024 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 2024 AGM.

During the period from the Listing Date to 31 December 2024, there were no changes in the Company's constitutional documents.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**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 Dividend Policy would be in the best interests of the Group and the Shareholders. The Board endeavours to maintain a balance between meeting the Shareholders' expectations and prudent capital management with a sustainable Dividend Policy.

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.

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.

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. The Company does not have any pre-determined 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.

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.

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.persistenceresource.com after the relevant general meeting.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Persistence Resources Group Ltd (集海資源集團有限公司) ("**Persistence Resources**" 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 environmental and social performance and initiatives on the sustainability aspect for the Year 2024 to address the expectations and concerns of various stakeholders and to facilitate the continuous improvement of the Company's sustainability performance.

SCOPE OF REPORTING

This Report is consistent with the period covered by the Group's financial statements, which covers the period from 1 January 2024 to 31 December 2024 (the "**Year**" or the "**Year 2024**" or the "**Reporting Period**"). Unless otherwise stated, this Report covers the following: (1) Persistence Resources 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**") and (4) Persistence Resources Enterprise Management (Shenzhen) Co. Ltd (集海資源企業管理(深圳)有限公司, "**Persistence (Shenzhen)**").

The scope of the report for the Year has been further expanded to include the enterprise management consulting and socio-economic consulting services of Persistence (Shenzhen). 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 Guide (the "**Guide**") 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.

PRINCIPLES OF REPORTING

In preparing this Report, the Group has followed the principles of "significance", "quantitative", "consistency" and "balance".

Significance	Quantitative	Consistency	Balance
The Group communicates with its stakeholders through various channels, and identifies the significant environmental, social and governance issues and highlights them for disclosure in this Report through the Group's Board meetings.	Where appropriate, the Group discloses KPIs quantitatively. The calculation of the KPIs is based on Appendix 2: Reporting Guidance on Environmental KPIs and Appendix 3: Reporting Guidance on Social KPIs in How to Prepare an ESG Report issued by the Stock Exchange.	The Group employs consistent statistical methods, including data collection and computation, to facilitate meaningful comparisons of the environmental, social and governance data over time. Any changes in the scope of reporting or statistical methods will be specified in this Report for stakeholders' reference.	The Group commits to presenting to our stakeholders our performance in our sustainable development during the Reporting Period in an unbiased way, to provide readers with true and objective information.

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@Persistenceresource.com
Telephone: +852 37963146

CORPORATE CULTURE

We are a gold prospecting, mining and processing company established in 2005 and located in Yantai city of the Shandong Province in China, and the principal activity is the gold bullion derived from gold concentrate processed by us. Songjiagou Open-Pit Mine of the Company commenced commercial production since May 2011, and Songjiagou Underground Mine of the Company commenced commercial production since September 2019.

The Company is committed to achieving long-term sustainable growth by constantly improving our operational efficiency and proactively exploring growth opportunities. While deepening the development of our existing assets, we continuously acquire those assets with investment potential in the PRC, aiming to expanding the mining operations and gold concentrate processing industry, and to increase the gold reserve volume, thereby consolidating our industry-leading position in Shandong Province. We also actively cooperate with various parties to achieve mutual benefits and win-win situations to jointly facilitate the prosperous 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, complying with risk management and ESG disclosure regulations and ordinances, as well as striving to achieve “carbon peak” in its mining and processing production processes by 2030, in line with the national pace. To achieve this, we will implement a series of measures to reduce greenhouse gas emissions. During this process, we will continue to explore and introduce advanced and environmentally friendly mining technologies. By improving production efficiency through leveraging the potency of science and technology, we ensure operational safety and endeavour to realize green mining. We are fully aware of the importance of corporate social responsibility, thus we have always put environmental protection on top of our list, deliver every effort to protect the natural environment and reduce carbon emissions. For wastewater generated during the production process, we will implement a strict treatment process to ensure that the majority meets the standard for recycling and reuse. At the same time, we also attach great importance to the continuous improvement of the working environment of our open pit and underground miners, striving to provide a safer and healthier working environment and fully safeguarding the well-being of employee.

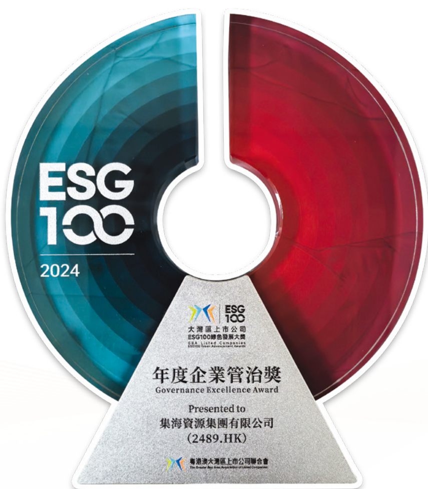
Environmental, Social and Governance Report

The Company also actively propels high-quality development and strives to maintain its leading position in the industry. In Year 2024, we were honoured by the CPC Yantai Muping District Committee with the "Advanced Grass-roots Party Organization (先進基層黨組織)" and the People's Government of Yantai Muping District Wanggezhuang Town with the "Meritorious Enterprise of 2023–2024 (2023–2024年度功勛企業)", which recognised local outstanding enterprises that have played a leading role.

The "Advanced Grass-roots Party Organization (先進基層黨組織)" of Yantai Muping District was awarded by the CPC Yantai Muping District Committee

The "Meritorious Enterprise (功勛企業)" of 2023-2024 was awarded by the People's Government of Yantai Muping District Wanggezhuang Town

During the Year, we were honoured by the Greater Bay Association of Listed Companies with the "Governance Excellence Award" at the Guangdong-Hong Kong-Macao Greater Bay Area Listed Companies Summit 2024, which recognized our achievements in such aspect. In addition, during the Year, we were honoured by the Department of Science & Technology of Shandong Province, the Shandong Provincial Department of Finance and the Shandong Provincial Tax Service with the "High-tech Enterprise (高新技術企業)", which recognised the Company's fruitful achievements in the high-tech field prioritized by the country, and the significant contribution to the development of the national high-tech industry.



The Governance Excellence Award was awarded by the Greater Bay Association of Listed Companies

The "High-tech Enterprise (高新技術企業)" Certificate was awarded by the Department of Science & Technology of Shandong Province, the Shandong Provincial Department of Finance and the Shandong Provincial Tax Service

Environmental, Social and Governance Report

As for scientific research, we also attach great importance to the progress of scientific research. Through R&D, we can develop new technologies and methods to enhance workplace safety and minimize accidental risks, which also improves efficiency and saves costs. As of the Year 2024, we were granted a total of 44 patents (8 new patents this year), and the following three items are the highlights of the patents granted this year:

A device for grinding, mineral selection and flotation designed to enhance the gold recovery rate from gold concentrate tailings

A height-assisting device for excavation

A device for measuring the angle of blasting holes used in open-pit medium-depth hole blasting

OUR ESG GOVERNANCE STRUCTURE

The Board	Develop and oversee the ESG strategy and associated risks
ESG Working Group	Identify and review ESG issues and risks on a regular basis
Emission Reduction Leading Group	Supervise and inspect the energy management of departments and conduct regular energy checking

Our Directors consider that as a responsible mining company and employer, establishing and implementing sound ESG principles and norms are essential to our Group, which are not only relevant to the long-term development of our Group, but also enhance the value of our sustainable investments and bring long-term returns to our Shareholders. In order to integrate ESG into our daily decision-making and operation more effectively, we have formally established the environmental, social and governance (ESG) committee on 6 February 2025, and established an ESG working group (the "**ESG Working Group**") and an energy conservation and emission reduction leading group (the "**Emission Reduction Leading Group**"), and formulated a series of ESG policies.

Our Group's ESG Policies and Procedures Manual provides guidance on our Group's ESG governance. The Manual details ESG-related measures covering multiple areas, including but not limited to energy management, efficient use of resources (e.g. energy, water resources, other raw materials, etc.), waste management, green procurement, climate change response, labor standards, occupational health and safety, supply chain management, product quality, anti-corruption and anti-money laundering, to integrate ESG elements into the daily operations of our Group.

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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 set 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.

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.

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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 financial, finance and taxation aspects;
- The energy saving and emission reduction office is responsible for such work of the entire company.

In addition to focusing on our own internal operating environment, we also highly value environmental risk and social risk management in the supply chain. To this end, we have established a set of policies for managing environmental and social risk in the supply chain, aiming to encourage all the suppliers to proactively adopt environmental protection measures and improve employee welfare systems, thereby effectively reducing the potential environmental and social risks in the supply chain.

METRICS AND TARGETS

The Group has always been committed to examining the long-term environmental and social impacts of its daily operations, aiming to set a positive social example by achieving the most optimum balance among stakeholders, economic benefits, environmental protection, society responsibility and corporate governance while advancing business operations. To actively fulfill our environmental responsibilities, we focus on reducing greenhouse gas emissions and improving the efficient use of energy and other resources. To further improve our ESG performance, we have set the following medium-term targets[1] based on the discussions at previous ESG meetings, historical data and existing sustainability strategy with the Year 2022 as a benchmark, and to align with the country's "Action Plan for Carbon Dioxide Peaking Before 2030", we have adjusted our target to be achieved before the Year 2030:

Total Greenhouse Gas (Scope 2) Emission Intensity
(tonnes of CO_2-equivalent/kt production volume of processing plants)
On or before Year 2030: Reduced by 1% (with a benchmark of FY2022)

Total Purchased Electricity Consumption Intensity
(MWh/kt production volume of processing plants)
On or before Year 2030: Reduced by 1% (with a benchmark of FY2022)

Total Water Consumption
(tonnes of CO_2-equivalent/kt production volume of processing plants)
On or before Year 2030: Reduced by 1% (with a benchmark of FY2022)

Progress to date

Total Greenhouse Gas (Scope 2) Emission Intensity In Year 2022 (benchmark)
13.494 tonnes of CO_2-equivalent/kt production volume of processing plants[2]
In Year 2024
16.111 tonnes of CO_2-equivalent/kt production volume of processing plants[2]
19.40% (with a benchmark of the Year 2022)

Total Purchased Electricity Consumption Intensity In Year 2022 (benchmark)
22.117 MWh/kt production volume of processing plants[2]
In Year 2024
25.135 MWh/kt production volume of processing plants[2]
13.64% (with a benchmark of the Year 2022)

Total Water Consumption Intensity In Year 2022 (benchmark)
51.500 m^3/kt production volume of processing plants[2]
In Year 2024
90.144 m^3/kt production volume of processing plants[2]
75.04% (with a benchmark of the Year 2022)

1 The above targets are calculated in terms of emission intensity.
2 Production volume refers to the total annual ore processed volume of processing plants (including open-pit mines and underground mines).

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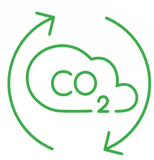
The total greenhouse gas emissions (Scope 2), total purchased electricity consumption and total water consumption in Year 2024 also showed an upward trend, with the increase in total water consumption being more significant, rising by 75.04% compared to Year 2022. The increase in total water consumption was due to the fact that although there were several months with particularly heavy rainfall in Year 2024, the overall rainfall was still relatively lower compared to last year, resulting in less natural precipitation available for storage and utilization. To ensure normal production operations, the amount of water extracted increased in Year 2024, leading to a rise in water consumption.

The total purchased electricity consumption in Year 2024 increased by 13.64% compared to Year 2022. This was due to the use of an additional tailings pump in the tailing dams, the additional drainage paddle work of underground engineering and the increased operation time of the processing plant equipment. As a result, the overall electricity consumption was higher than that in 2022, leading to an increase in both the total greenhouse gas emissions (Scope 2) and the total purchased electricity consumption intensity.

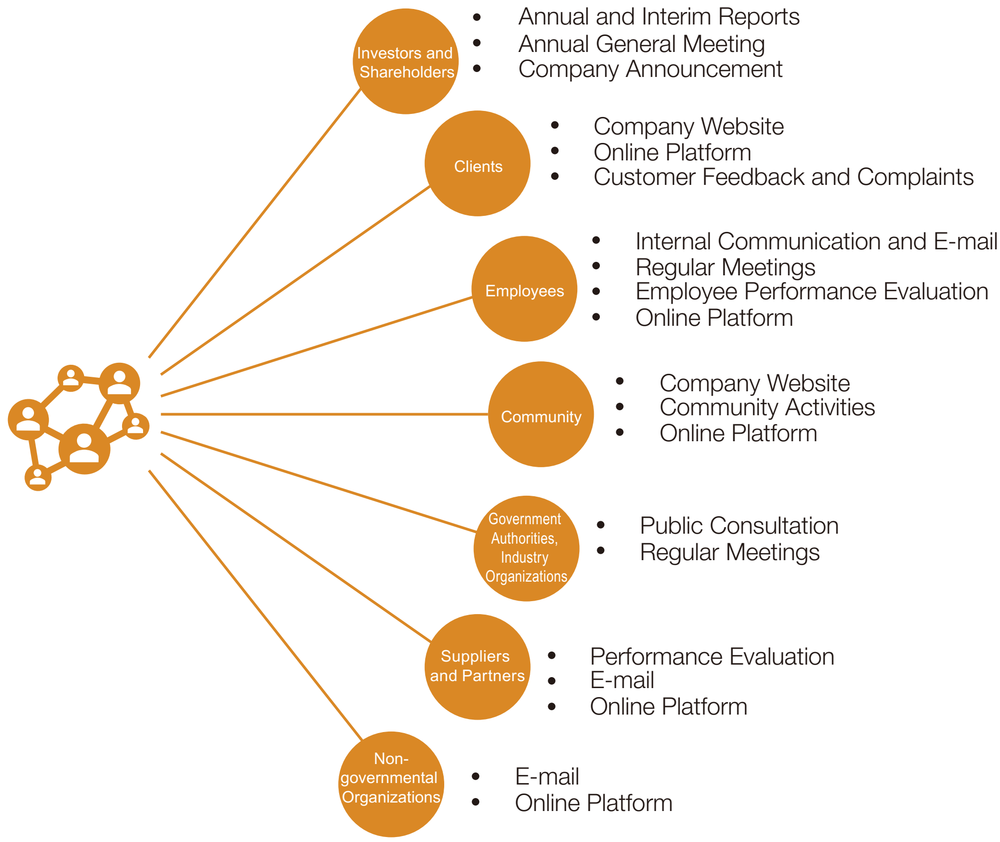
To achieve the short-term targets of reducing greenhouse gas emissions during our operations, improving energy efficiency, and utilizing water resources more efficiently, our ESG Working Group serves as a bridge between the Emission Reduction Leading Group and the Board, actively delivers the Board's guidance downward, monitors the implementation of sustainability programs, and reports the progress of our programs and ESG goals to the Board. In the future, we will continue to actively and closely communicate with major customers or governmental authorities to fully understand their requirements on ESG and carbon reduction policies, and continue to monitor the feasibility and accuracy of our ESG goals. Meanwhile, we will regularly update and review our carbon footprint with reference to international advanced practices and standards and adjust the relevant targets in a timely manner to ensure that they are not only in line with the Group's actual development, but also facilitate the realization of sustainable development objectives. In addition, the Emission Reduction Leading Group will work with the ESG Working Group to strengthen the communication and cooperation with relevant departments and local governments to oversee and ensure the effective implementation of carbon reduction measures. In addition to this short-term target, we also aim to achieve carbon peak in our mining and processing production processes by 2030.



Achieve carbon peak in mining and concentrated processes by 2030

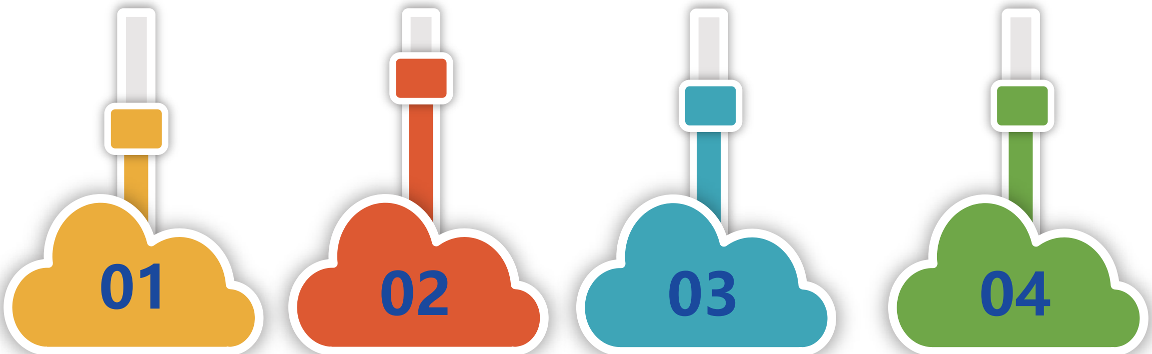
STAKEHOLDER PARTICIPATION

For the needs, concerns and expectations of our stakeholders, as well as a better understanding of the risks and opportunities we face, we have established internal and external communication mechanisms and built up and consolidated a good and trustworthy relationship with our stakeholders through various channels such as social media platforms and meetings. We have practically fulfilled our social responsibilities to ensure that our business activities are in line with the expectations of our stakeholders.



STAKEHOLDER PARTICIPATION

To better manage effectively and disclose issues of significance to stakeholders and the Group's business, we engaged a third-party consultant to assist in conducting a material assessment during the preparation of this Report, which aims to summarize the expectations of stakeholders on the Group's ESG and review 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

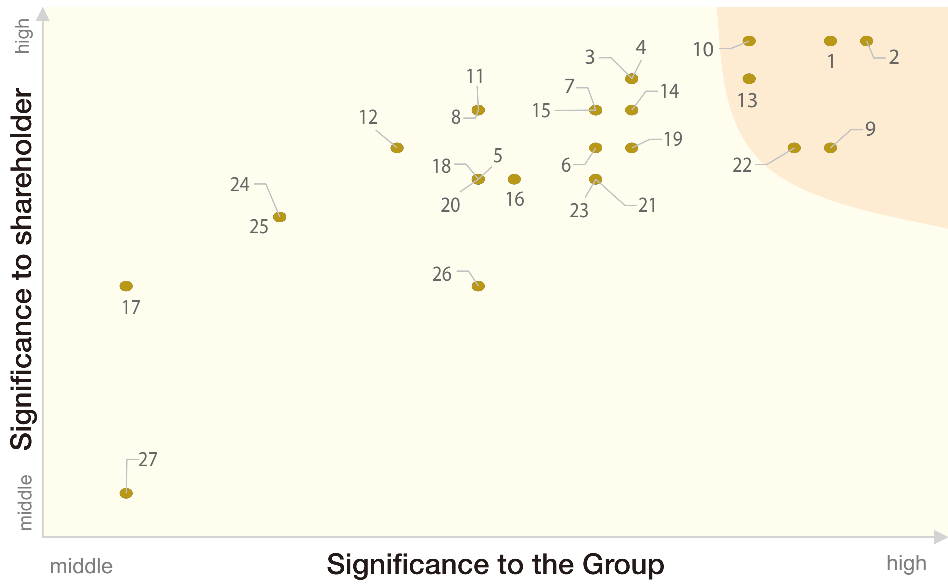
A material assessment was conducted based on the feedback from stakeholders to prioritize and identify the most important environmental, social and governance issues to the Company.

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.

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	

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Based on the assessment results, we have summarized the 6 material sustainability issues in the following table:

Material Sustainability Issues		Reporting Chapter
Product and Service Responsibility		
1	Product and service quality	Product Responsibility
2	Product safety	Product Responsibility
Operating Practices		
9	Disaster emergency planning	Our Environmental and Climate-related Risks and Opportunities; Management of the Environment and Natural Resources
10	Anti-fraud and corruption	Anti-Corruption, Anti-Bribery and Anti-Money Laundering
Workplace Practices		
13	Occupational health and safety	Occupational Health and Safety
Environmental Protection and Green Operation		
22	Sewage discharge	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.

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

Waste rocks and tailings management

We are committed to reducing waste. Over the past three years, we have diverted waste rocks from mining and processing to external recyclers for processing/use, allowing waste rocks to be reused as construction material for roads, tailings dams, retaining walls and swales.

In respect of the tailings produced during our ore processing activities, part of which will be used in the backfilling of the stopes in our Songjiagou Underground Mine. To do so, cement is added to dry tailings to produce cement slurry, which can be directly used for backfilling the stopes in our Songjiagou Underground Mine.

In accordance with 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)), which states that the number of tailing dams nationwide shall only decrease and not increase in principle, we therefore actively negotiate with third parties to process a portion of the tailings and have signed cooperation agreements in 2025, which will enable us to maintain production and alleviate the pressure on the decreasing capacity of existing tailings ponds. The third parties also recycled tailings as construction materials, thereby maximising the use of resources and minimising the impact on the environment.

During the production process, we generated approximately over 1.9 million tons of tailings (Year 2023: over 1.8 million tons of tailings) for the Year, all of which were discharged into the tailing dams.

Solid waste management

In respect of each type of waste, including scrap metals and domestic waste, we have established specific collection and storage areas around the work area. For example, scrap iron is centrally collected and stored in various designated locations before being sold for recycling.

Domestic solid waste is collected and processed centrally by government environmental health departments.

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Wastewater treatment and water control

We are committed to recycling and reusing water resource to reduce the use of fresh water and the volume of wastewater discharged. The mine water from Songjiagou Open-Pit Mine and Songjiagou Underground Mine is collected and processed through desilters. The water treated by the cleaning process can be reused for mining and dust control. During the Reporting Period, we have not encountered any problems or difficulties in identifying suitable water sources.

In addition, we also collect the water from the upper level of tailing dams and rainwater, and the treated overflow water is reused in the water tower.

There are existing domestic wastewater treatment units (septic tanks) on the construction site, and the treated domestic wastewater is reused for irrigation in the site and farmland.

In terms of wastewater treatment, we have built drainage ditches around our Songjiagou Open-Pit Mine to prevent precipitation from entering the mine to minimize polluting water source. When excessive mine water is discharged during rainy seasons, we will treat the mine water in the desilter before being discharged into the environment.

We have also engaged a third-party testing company to conduct wastewater tests regularly to monitor whether the composition of the effluent meets the requirements of local regulations.

Noise control

The noise emission mainly comes from blasting, jackdrill, loaders, ore processing equipment, air compressors and other noise-making equipment and machinery.

We take various measures to minimise the noise produced during our operations, such as the use of damping and noise reduction device, installation of muffler on the air compressor, adoption of sound insulation measures, the setting of speed limit for vehicles and the limitation of the blasting works in the daytime, so as to reduce the impact of noise on the environment.

The main sources of dust emission are blasting, mining, loading, ore processing, waste rock storage and treatment and movement of vehicles and equipment.

We have formulated various measures including: (i) collecting dusts and installing dedusting tower in the processing period; (ii) deploying carts to splash water in the mining area, waste rock loading area and roads to reduce dust emission; and (iii) engaging qualified companies to test dust particles.

We strive to minimize the impact of dust on the environment by controlling the sources of dust emission in the process and reducing dust generation in transportation through closed dust collection, water spraying, wet operation and regular monitoring.

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

Pursuant to 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)》) and Soil Pollution Prevention and Control Regulations of Shandong Province (《山東省土壤污染防治條例》) (collectively, the "**Soil Pollution Prevention Laws and Regulations**"), amongst others, non-ferrous metal mining and processing enterprises above scale shall be included in the soil contamination monitoring list so that relevant authorities could supervise these enterprises in the list on a timely basis.

Our principal operating subsidiary, Yantai Zhongjia, was included in the list of 2024 key soil contamination monitoring units of 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.

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After we became aware of the soil contamination monitoring list, we established the required waste management and screening procedures and carried out the examination and reporting at least once a year to comply with the Soil Pollution Prevention Laws and Regulations. During the Reporting Period, Yantai Zhongjia complied with the relevant Soil Pollution Prevention Laws and Regulations. We have never received any notice or demand from any competent authorities on penalties, enforcement actions or allegations due to violations of the Soil Pollution Prevention Laws and Regulations since Yantai Zhongjia was included in the soil contamination monitoring list.

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, 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.

Our principal operating subsidiary, Yantai Zhongjia, was included in the Provincial Green Mine List of Shandong Province (山東省省級綠色礦山名錄) published by the Department of Natural Resources of Shandong Province (山東省自然資源廳). Pursuant to the Construction Administrative Measures, 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: (i) mine closure, bankruptcy or policy-mandated shutdown; (ii) failure to meet green mine standards during supervision inspections and continued non-compliance with the construction requirements for green mines after rectification; (iii) significant administrative penalties imposed by relevant departments for illegal or non-compliant activities that warrant removal from the Green Mine List; (iv) fraudulent inclusion in the Green Mine List through falsification by the mining enterprise or third-party assessment agencies; (v) occurrence of major workplace safety accidents or ecological environmental incidents; (vi) 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); and (vii) other circumstances justifying removal from the Green Mine List.

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 irregular inspections of the mines under the "double random, one public" requirements (random selection of inspection targets and inspectors, and public disclosure of results). During the Reporting Period, Yantai Zhongjia complied with the relevant construction requirements for green mines. We have never received any notice or demand from any competent authorities on rectification or allegations due to violations of the construction requirements for green mines.

MANAGEMENT OF USE OF RESOURCES

We are committed to making optimal use of resources, such as prioritising the purchase of energy-efficient production facilities to reduce the consumption of natural resources. We have formulated the policies and procedures on resource conservation, including the "Office Electricity Management System", "Energy Quota Assessment System" and the "Fuel Saving Management System", aiming to provide clear guidelines, methods and implementation steps for resource conservation practices in the workplace. These systems cover areas such as operational management of air conditioning and lighting systems, approval procedures for high-energy-consuming equipment and the delineation of specific responsibilities among departments in energy management. We implemented various measures in the daily office operations of mining sites and ore processing plants, such as identifying abnormal energy consumption and conducting necessary investigation and rectification, carrying out energy calculation of the production departments, adopting the light-emitting diode (LED) lighting system and bringing in natural light to the extent possible, as well as checking and turning off unnecessary lighting and air conditioning to avoid wasting resources.

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 recognize 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 Utilization 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.

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We attach great importance to the safety of the operating environment and endeavour to prevent and minimize 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 analyzed 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 our mines are located within the area of natural reserves. The mining activities in our Songjiagou Open-Pit Mine and Songjiagou Underground Mine is and will unlikely jeopardise wild animals or plants. However, we are still committed to protecting the environment and striving to minimize our environmental footprint in our operations, so as to protect the ecosystems and combat climate change. For production plants, we strictly manage the emission process of exhaust gas, wastewater, solid waste and noise to ensure that all production processes meet the requirements of national and local environmental regulations.

As our mining activities in Songjiagou Open-Pit Mine and Songjiagou Underground Mine will damage the land, under the relevant laws and regulations, we are required to be responsible for site closure and land rehabilitation after the mining activities are completed. When applying for mining licence renewal, a land rehabilitation plan must be submitted to the Department of Natural Resources or the local land and resources authorities for review, with the objectives of rehabilitating mining-damaged land to curb water and soil erosion, and preserving the ecological environment. Historically, we have adopted measures such as demolition and removal of structural masonry, dismantling and disposal of hardened surfaces, gravel

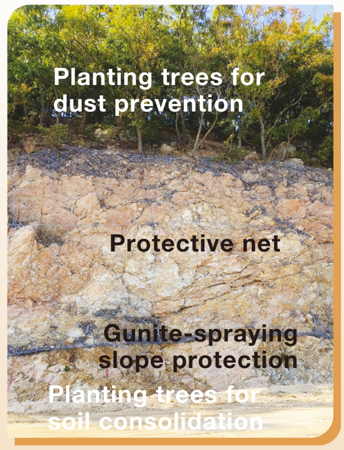
Environmental, Social and Governance Report

clearance from terrain, land ploughing and leveling, application of exogenous soil layers, mechanical pit excavation and backfilling, vegetation restoration, monitoring and maintenance. During the Year, we have adopted the following measures concerning site closure and land rehabilitation:

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 platforms with level of +105m and +93m, with the cumulative greening and rehabilitation area of 17.1 hectares as of 2024, among which, the greening and rehabilitation area in 2024 was 6.6 hectares.

Since the greening has been largely completed, we mainly focused on the conservation of the rehabilitated and greening areas and ensuring the survival rate of the vegetation in the greening areas in 2024.



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.

Environmental, Social and Governance Report

During the past 3 years, we strived to conform to and implement the approved rehabilitation program. During the Reporting Period, we strictly complied with applicable laws and regulations relating to environmental protection. We had not received any notice or warning, nor have we been subject to any investigation or suffered any material fines or penalties as a result of any breach of the relevant PRC environmental laws and regulations.

OUR ENVIRONMENTAL AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group's ESG Working Group follows the guidance of the ESG Risk Management Work Plan, and is committed to using strategic means such as feedback from internal and external stakeholders to identify risks related to ESG, especially the environmental and climate-related risks. Based on this, the ESG Working Group developed an ESG Risk Identification and Register, concurrently identifying business opportunities and reporting related progress to the Board. To assess the specific impact of these risks on the Group, we have implemented a prioritization process. Subsequently, based on the assessment results, we developed targeted response measures and regularly reviewed the effectiveness of existing measures, aiming to effectively control and mitigate the relevant risks. For more information on risk management and internal control, please refer to the Corporate Governance Report section in the Group's Annual Report 2024. Additionally, in February 2025, the Group established the Risk Management Committee and the ESG Committee to enhance our management of risks and climate change.

We fully recognize that the potential risks associated with environmental and climate change may bring both financial and non-financial losses to the Company's operations. These risks include: (i) transition risks involving policy adjustments, laws and regulations, technological advancements and the evolution of market dynamics; and (ii) physical risks due to extreme weather events such as blizzards, hurricanes, floods and continuous high temperature.

CLIMATE-RELATED RISKS MANAGEMENT

Transition Risk

Risk 1: Changes in environmental or climate-related regulations **(Policy and regulatory risks)**

With the continuous improvement of global awareness of environmental protection, environmental regulations are increasingly strengthened and becoming more stringent. Against this backdrop, in order to meet these constantly evolving compliance standards, we may need to invest additional resources and funds, resulting in a significant increase in our operating costs, which in turn adversely affects our profit margins.

Measures taken:

We have established a dedicated team responsible for regularly tracking and monitoring the latest developments and updates in environmental and climate-related regulations to ensure that we can promptly obtain and understand these changes. We have also actively implemented a series of practical measures for energy conservation and emission reduction, including optimizing production processes, adopting more environmentally friendly materials and technologies, and improving energy efficiency. These initiatives not only can help us meet and exceed the requirements of environmental regulations and avoid potential compliance risks, but also enable us to save operating costs in the long term, enhance our overall efficiency, and further strengthen our competitiveness in the market.

Environmental, Social and Governance Report

Transition Risk

Risk 2: Changes in policies related to energy conservation and carbon reduction **(Policy and regulatory risks)**

In response to these policy adjustments, we are compelled to re-evaluate and possibly adjust our existing operational models to ensure compliance with the new emission standards. This transformation is likely to lead to an increase in operational costs, such as additional investments due to the need to introduce more efficient energy-saving equipment or technologies, or due to the re-optimization of production processes. At the same time, new environmental policies may also be accompanied by adjustments to the tax system, thereby increasing our tax burden. Collectively, these factors will inevitably exert a certain degree of pressure on our profit level.

Measures taken:
We have already begun to reduce the carbon emissions generated from our operational activities. By optimizing production processes, enhancing equipment energy efficiency, and adopting low-carbon technologies, we have effectively lowered our carbon footprint during operations. More importantly, we have established clear short-term and medium to long-term carbon reduction targets (please refer to the "Metrics and Targets" section for details). We are committed to achieving carbon peak in our mining and beneficiation processes by 2030, aiming to keep ahead of future policy changes and to contribute to achieving global climate goals.

Physical risk

Risk 3: Collapses, landslides and mudslides caused by extreme weather **(Immediacy risk)**

Under extreme weather conditions such as typhoons and floods, the rocks and soil structure on slopes are prone to losing their original stability, which can trigger natural disasters like collapses, landslides and mudslides. These disasters not only severely disrupt the production activities in mines but can also pose a significant threat to the surrounding environment and the safety of personnel.

Measures taken:
Our Production Technology Department and the Environmental Protection Division have adopted a series of preventive measures, aiming to fundamentally enhance the stability of mined platforms, thereby effectively preventing the occurrence of disasters such as collapses, landslides and mudslides. These include mulching on platforms, installing anchors on slopes, planting trees like pine trees and Boston ivy, and upgrading the slope monitoring system. The implementation of these measures has not only prevented soil erosion and loss of soil and water, enhanced the stability of the platforms, but also made a positive contribution to protecting the surrounding environment and ensuring the safety of workplaces.

Physical risk

Risk 4: Extreme weather affecting revenue **(Immediacy risk)**

When extreme weather occurs, in order to ensure absolute safety of the working environment, we have to evacuate all personnel from the site and temporarily halt all mining operations. Such measures inevitably lead to a decrease in our productivity, which in turn directly affects the Company's revenue. On the other hand, severe conditions such as strong winds, rainstorm and floods are very likely to cause serious intervention or even interruption to the transportation routes, and this series of chain reactions ultimately manifest as a significant reduction in revenue.

Measures taken:
The safety of our employees is our top priority. We have contingency plans in place to cope with potential risks posed by extreme weather. The plans include but not limited to a rapid evacuation mechanism, emergency supplies reserves and close cooperation with local meteorological departments, which ensure our right decisions in the first instance.

ENVIRONMENTAL AND CLIMATE-RELATED OPPORTUNITIES

Opportunity 1: To use energy-saving and efficient manufacturing equipment to reduce operating costs

With the global increasing calls for environmental protection, carbon emission reduction and energy conservation has become the issue of the times that cannot be ignored. In this context, through the active use of energy-saving and efficient machinery and equipment, we can not only effectively reduce energy consumption and related costs, but also reduce the negative impact on the natural environment to a lower extent, contributing to the protection of the earth.

Our Company attaches great importance to and actively promote the continuous progress of scientific research and technology to enable the entire production process more energy-efficient and safer. Meanwhile, we also closely monitor the market dynamics with a high level of attention, regularly pay attention to the development and launch of new machinery and equipment, and update the machinery and equipment in our mining area according to actual needs, ensuring our leading position in energy-saving and emission reduction technology.

Opportunity 2: To develop energy-efficient and low carbon production technologies to decrease operating costs

With the global increasing attention to and in-depth practice of sustainability, the development of energy-efficient and low carbon production technologies has become an indispensable development direction of all industries. The application of these technologies can not only significantly reduce the operating costs and improve the production efficiency of enterprises, but also tremendously enhance their market competitiveness, enabling them stand out in the fierce market competition. More importantly, the application of these energy-efficient and low carbon technologies enables the enterprises to establish a good image of environmental protection and further strengthen their leading position in the industry, laying a solid foundation for the long-term development of the enterprises.

ENVIRONMENTAL INDICATORS

	2024	2023
Air emissions		
Nitrogen oxide (NOx) (tonnes)	**9.127**	8.094
Sulphur oxide (SOx) (tonnes)	**0.089**	0.087
Particulate matters (PM) (tonnes)	**0.363**	0.322
Greenhouse gases		
Greenhouse gas emission (Scope 1) (tCO_2-e)	**5,272.090**	4,839.126
Greenhouse gas emission (Scope 2) (tCO_2-e)	**32,053.007**	27,619.030
Total greenhouse gas emission (tCO_2-e)	**37,325.097**	32,458.156
Greenhouse gas emission intensity (tCO_2-e/kt production volume of processing plants)	***18.761***	*16.855*
Consumption of energy		
Direct energy		
Unleaded petrol (MWh)	**570.393**	570.317
Diesel (MWh)	**21,105.356**[3]	17,517.903
Liquefied petroleum gas (MWh)	**189.397**	176.784
Indirect energy		
Consumption of purchased electricity (MWh)	**50,005.021**	45,269.677
Total consumption of energy (MWh)	**71,870.167**	63,534.681
Energy intensity (MWh/kt production volume of processing plants)	***36.125***	*32.992*
Hazardous waste		
Hazardous waste produced (tonnes)	**1.519**[4]	0.600
Hazardous waste intensity (tonnes/kt production volume of processing plants)	***0.0008***	*0.0003*
Non-hazardous waste		
Non-hazardous waste produced (tonnes)	**2,365,172.975**	2,304,971.149
Non-hazardous waste intensity (tonnes/kt production volume of processing plants)	***1,188.845***	*1,196.930*
Packaging materials[5]	**N/A**	N/A
Water resources		
Total water consumption (m^3)	**179,339.000**	132,996.000
Water consumption density (m^3/kt production volume of processing plants)	***90.144***	*69.062*

3 The increase in diesel consumption for the Year is attributed to the rise in the usage of non-mobile machinery.

4 The significant increase in hazardous waste for the Year is due to the major overhaul of equipment and accessories in 2024.

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

PEOPLE-ORIENTED

We believe employees are our valuable assets in creating long-term business value and also the core factor of maintaining our competitiveness and promoting our development. Our Human Resources Department is responsible for recruiting, managing and training employees. In 2024, we had a total of 506 employees (2023: 450 employees).

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》) and the Mandatory Provident Fund Schemes Ordinance, 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 Labor 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 its compliance, we have formulated a series of policies and documents closely related to employment management, including but not limited to the Human Resource Management System, Employee Handbook and Recruitment Norms and Procedures, which set out key employment matters such as compensation structure, dismissal procedures, recruitment and selection, promotion mechanism, management of working hours, vacation entitlements, equal employment opportunities, diversified development, anti-discrimination principals and other benefits and welfare of employees. During the Reporting Period, we did not suffer any material administrative penalties or fines as a result of our violation of employment-related laws or regulations.

Environmental, Social and Governance Report

To ensure the compliance with the Labour Law of the PRC and adhere to the principle of equal employment, we usually select employees through recruitment websites, campus recruitments and open markets. When we make recruitment decisions, we comprehensively take into account factors such as our business strategy, development plans, industry dynamics and competitive trends. To ensure that the recruitment process is in compliance with relevant local laws and regulations, we will verify the candidates' information, including but not limited to check their age and identification documents, thereby ensuring that the regulations on child labour and forced labour are not violated in the operation. During the Reporting Period, we were not aware of any serious violations of laws and regulations relating to child labour and forced labour.

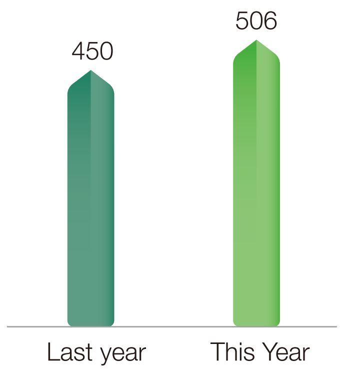
In our enrolment registration process, all employees must provide the Group with valid identification documents to confirm that their age meet the legal age to work in our places of operation, and enter into employment contracts with employees on a voluntary and equal basis, to eliminate all non-compliance involving child or forced labour. We prohibit any means of punishment, threat, coercion or deception to force any person to work involuntarily or overtime. In addition, we conduct monthly self-inspections in each entity to ensure that the Company is not involved in child labour or forced labour, and the chairman of the labour union shall endorse by signing it as confirmation.

Once any cases of child labour or forced labour are identified, the Human Resources Department will conduct a prompt investigation of the relevant complaint. If such a complaint is substantiated, we will adopt corresponding measures according to the regulations, including immediately taking the employee concerned away, ensuring the safety of the workers, terminating the employment relationship, organizing health checks and conducting in-depth investigation visits, etc., and referring the same to the relevant department for follow-up in accordance with the laws and regulations of the place where the business is located, if necessary. In addition, the Company will also immediately review the loopholes in the recruitment process at the location where the issue occurred and commit to take improvement measures within 90 working days. We firmly oppose and prohibit child labour or forced labour.

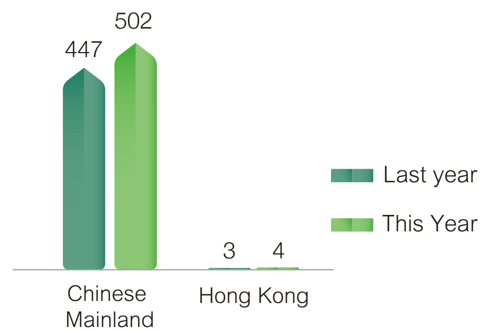
Environmental, Social and Governance Report

The Group is committed to promoting equal opportunities in the workplace and the construction of diverse workforce. As disclosed in the ESG Policies and Procedures Manual, we clearly stipulate the provision of equal opportunities in employment processes such as recruitment, promotion and training, prohibit any discrimination based on factors such as age, gender, marital status, race, colour, nationality, religion or sexual orientation. The tables below set forth further information of our diverse workforce on the dates indicated:

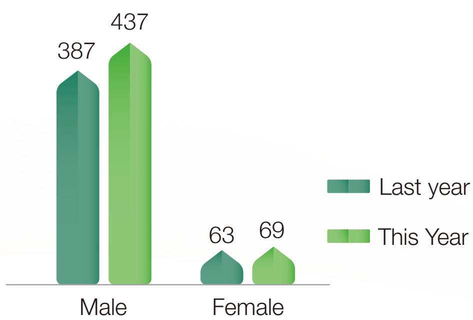
Total workforce (individual)



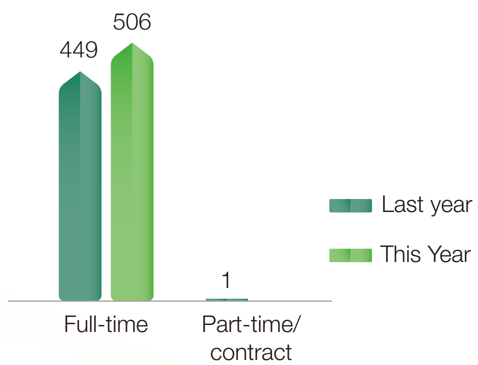
By region (individual)



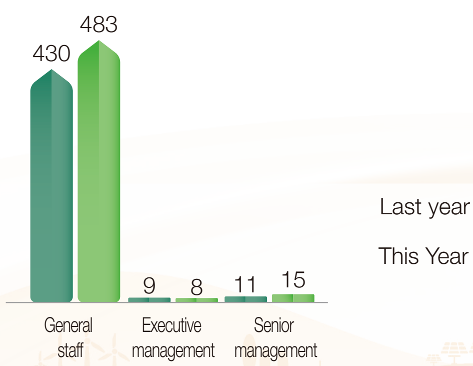
By gender (individual)



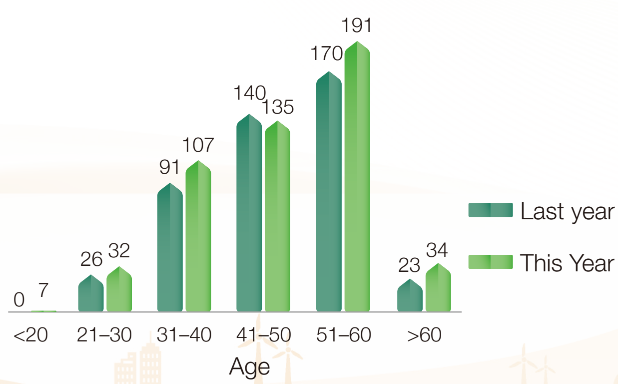
By employment type (individual)



By employment category (individual)



By age group (individual)



We fully recognise the importance of maintaining good relationships with employees, and are committed to providing competitive salaries that are no less than the local statutory requirements, benefits and a safe working environment to ensure that the Group has sufficient human resources to maintain its competitive advantages. To this end, we make contributions to the employees' mandatory social insurance funds according to relevant laws, covering retirement, medical, work injury, maternity and unemployment and other benefits. In addition, we also provide additional benefits to the employees such as free accommodation, medical insurance, food supply and transportation allowance. In order to retain talents, we adopt a diversified strategy, actively creating a work environment where our employees can fully utilise their strengths, encouraging employees to take initiative, and striving to enhance their sense of belonging. During the Year, the employee turnover rate of the Company was 9% (2023: 11%).

	Employee turnover rate (%)	By gender (%)		By age group (%)						By region (%)	
Year	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**	**3**	**14**	**22**	**8**	**6**	**10**	**6**	**9**	**0**
Last year	11	11	10	0	12	13	10	9	17	11	0

CARE FOR OUR EMPLOYEES

We are committed to creating a harmonious, collaborative, warm and friendly working environment, actively encourage employees to work hard and regularly plan leisure and cultural activities for them, aiming to achieve a good balance between work and life. These activities not only enhance employees' sense of recognition to the Company but also enhance the cohesion of internal team.

We provide a variety of sports facilities in our office building and organise various types of cultural and recreational activities or dinners for important festivals, such as Women's Day, Mid-Autumn Festival and Chinese New Year. These activities are designed to allow employees to enjoy socialising and entertainment in a relaxed and enjoyable atmosphere while strengthening the relationship among colleagues. We firmly believe that these activities not only improve employees' job satisfaction but also enhance team cooperation and communication, ultimately facilitating the improvement of overall work efficiency.

Environmental, Social and Governance Report

In the future, we will continue to organise diversified leisure, cultural and entertainment activities, striving to better promote work-life balance.

3.8 International Women's Day Event

Environmental, Social and Governance Report

Distribution of flour and rice to employees

Distribution of pork to employees

DEVELOPMENT AND TRAINING

The Group attaches great importance to the personal growth and capability enhancement of its employees and seeks to build a synergistic and efficient workforce with the aim of achieve long-term business value.

We believe that the personal growth and development of our employees is one of the key factors in the overall success of our organization. Therefore, we are committed to creating diversified training and development platforms for our employees to help them continuously enhance their professional skills, broaden their knowledge and develop excellent leadership skills. Specifically, we will provide a series of well-designed professional training courses covering a wide range of areas such as technology and management. At the same time, we will encourage our employees to actively participate in activities such as industry seminars and professional conferences to broaden their horizons and keep abreast of the industry's dynamics. We actively encourage our employees to take advantage of these valuable learning opportunities and to pursue comprehensive improvement of their personal qualities and professional capabilities, so as to jointly promote the sustainable development and prosperity of the Group.

At the same time, we emphasize the value of teamwork and collective efforts. We are committed to creating an open, inclusive and supportive work environment that promotes close cooperation, effective communication and free sharing of knowledge among colleagues. We encourage our team members to learn from each other, support each other, and work together to achieve our goals. In addition, in order to ensure that the team can work together efficiently and effectively in the pursuit of business success, we will also provide sufficient resources and tools to ensure that the team can operate efficiently and effectively.

In terms of talent development, we place particular emphasis on induction training for new employees and arrange systematic and regular training for existing employees every year. Our training programs mainly focus on enhancing the professional skills and vocational qualities of our management and technical staff, with the aim of helping them to better perform their jobs. At the same time, we also actively provide our employees with external training opportunities to broaden their learning horizons. In particular, we attach great importance to the safety education and skills training of our employees. Whether it is initial training before employment or continuous training during the period of employment, we will provide our employees with professional training related to the safe use of machinery and equipment and the efficient execution of work tasks to ensure that they are able to comply with strict safety regulations and efficiently complete their tasks on the job. During the Year, the total training hours of employees were 3,300.5 hours (2023: 6,213 hours). Due to the temporary pause of mining activities from May to mid-July 2023 to facilitate the safety inspection on our newly constructed benches, additional training courses were arranged for employees during the period, thus the number of training hours in 2023 were more than that in 2024.

Year	Percentage of employees trained (%) General	By gender (%) Male	Female	By category of employees (%) Senior management	Executive Management	General Staff
This Year	**20**	**86**	**14**	**3**	**6**	**91**
Last year	22	85	15	3	12	85

Year	Total training hours of employees (hours)	Average training hours of employees[6] (hours) General	By gender (hours) Male	Female	By category of employees (hours) Senior management	Executive Management	General Staff
This Year	**3,300.5**	**6.52**	**7.22**	**2.13**	**4.23**	**30.63**	**6.19**
Last year	6,213	13.81	14.76	7.95	19.18	68.44	12.53

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 unions not only provide a strong backing for employees, but also greatly contribute 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 labor grievances or labor disputes affecting operations within the Group, while we have achieved significant results in attracting and retaining experienced employees without any notable challenges.

Looking ahead, we will continue to focus on the personal growth and career development of our employees and optimize the composition and effectiveness of our workforce to ensure that each employee can achieve continuous improvement in their personal abilities and professional qualities. We believe that only by continuously investing in human resources and focusing on the overall development of our team can we secure long-term business success and establish a unique and sustainable competitive advantage in the highly competitive market.

6 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 Reporting Period to illustrate the average number of training hours for each category of employees.

Environmental, Social and Governance Report

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.

In view of the special operating environment of our Songjiagou Open-Pit Mine and Songjiagou Underground Mine, we have established comprehensive occupational health and safety management systems and operating procedures. These systems and procedures not only cover safety production management in key areas such as rock drilling, transportation, ventilation, explosives storage and fire and flood prevention, but also set out detailed safety measures, including mining operations, flood and fire prevention, explosion safety and transportation of materials. We strictly comply with applicable laws and regulations relating to occupational health and safety, 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》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), 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 Regulations for the Implementation of 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實施條例》) and the Regulations on the Reporting and Investigation and Handling of Occupational Safety Accidents (《生產安全事故報告和調查處理條例》). During the Reporting Period, we have not been subject to any material administrative penalties or fines for violation of any laws or regulations relating to the provision of a safe working environment or the protection of employees from occupational hazards.

In particular, our Songjiagou Open-Pit Mine and Songjiagou Underground Mine have obtained valid production safety permits, which fully demonstrates our efforts and achievements in production safety. At the same time, we have also obtained a safety permit for our tailings dam, and we have established a comprehensive online monitoring system, which realizes the functions of dam displacement monitoring, leach line monitoring and safety alarms, further enhancing our safety management standards. Every year, we conduct comprehensive production safety inspections of underground mines to identify and rectify potential safety hazards in a timely manner. During the Year, we also cooperated with the Emergency Management Bureau of Muping District, Yantai City (煙台市牟平區應急管理局), to conduct a production safety consultation and inspection, and rectified and reported in writing on the potential hazards identified.

Environmental, Social and Governance Report

In terms of employee safety training, we are committed to building a comprehensive and continuous education system to ensure that every employee has the necessary safety and occupational health knowledge. We provide regular and diverse safety training courses for all employees, which cover not only safety operation of the post specification, but also in-depth knowledge of safety and occupational health, aiming to comprehensively enhance employees' safety awareness and self-protection capabilities. Every year, we organize internal examinations related to occupational safety to test our employee's knowledge of safety and to encourage them to continue to learn and improve their own safety quality. During the Year, the key trainings are as follows:

Safety Regulations and Laws

- Post-holiday Return-to-work Training
- Occupational Health Education and Training
- Responsibility for Production Safety Training

Safety Training and Education

- Safety Education and Training for All Staff
- Regular Production Safety Meeting
- Warning Education Training

Professional Training Topics

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

Case Study of Accidents

- "7.1" Large-scale Mine Blowout Accident at Shougang Malanzhuang Iron Mine in Qian'an, Tangshan, Hebei
- "9.22" Large-scale Fall from Height Accident at Longjiangting Copper Polymetallic Mine of Wuping Zijin Mining Industry Co., Ltd. in Longyan, Fujian

Training on Criteria for Determination of Major Accident Hazards

Responsibility for Production Safety Training

Environmental, Social and Governance Report

We attach great importance to the safety training of new employees. Before starting work, every new employee receives detailed pre-employment safety and hygiene training, covering workplace safety regulations, operating procedures, hygiene standards and various specific requirements to ensure that new employees can quickly adapt to and integrate into a safe and hygienic working environment. In addition, when the Company is considering the introduction of new materials, new processes or new equipment, we are well aware of the potential safety risks that may be brought about by these new tools, and will therefore provide targeted safety training to the relevant employees in response to these changes, so as to ensure that they are able to familiarize themselves with the use of the new tools and understand the relevant safety precautions, so that they can effectively avoid the occurrence of safety accidents.

In terms of subcontractor management, we also insist on high standards and stringent requirements. We require all subcontractors to possess appropriate production safety qualifications before signing a contract to ensure that they are able to undertake and complete the production tasks stipulated in the contract, and at the same time safeguard safety during the production process. We also provide regular safety training to our subcontractors to help them continuously improve their safety management standards. In the course of cooperation, subcontractors will work under the strict supervision of our safety division, production technology department and other departments to ensure that all safety measures are effectively implemented, and to jointly create a safe and stable production environment.

Year	**2024**	2023	2022
Number of work-related fatalities	**0**	0	2
Rate of work-related fatalities (%)	**0**	0	0.47
Number of work-related accidents	**3**	0	0
Working days lost due to work-related accidents	**330**[7]	0	0

In 2024, there was a traffic accident while rushing to the workplace, in which an employee was injured when the vehicle overturned; two employees suffered from bone fractures due to inadvertent operation at work. The Company has settled the claims in accordance with the Work Injury Insurance Regulations (《工傷保險條例》) and has provided safety education and training.

7 Based on an average of 8 working hours per employee per day and a total of 330 working days per year, as of 31 December 2024, we had a total of 506 employees, and therefore the working days lost due to work-related accidents accounted for only 0.02% of the total annual working hours of all employees.

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

For the Group, integrity is not only a core value of our 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 our 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 to ensure that all receipts are from our client's company account and match the bank information of our record
- Where any crime related to corruption, bribery or money laundering is substantiated by our Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of our 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

Upon receiving a report within the scope of acceptance, personnel from relevant departments such as the legal department and human resources department will conduct an initial analysis and documentation of the reported matter based on its urgency and significance. If a thorough investigation confirms the existence of fraudulent activities, we will promptly take action, assess the internal control conditions of the affected departments, and mandate the implementation of improvement measures by the relevant departments. For employees involved, we will impose administrative disciplinary actions in accordance with relevant regulations and pursue corresponding compensation liabilities. If the fraudulent activities violate applicable laws and regulations, we will, under the guidance of legal counsel, refer the matter to the relevant law enforcement authorities for legal proceedings.

In 2024, we organized trainings for all our staff and Directors on anti-money laundering, anti-corruption, anti-bribery and anti-fraud management systems and issued relevant documents for their reading and studying. During the Reporting Period, we were 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.

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, 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 a series of stringent evaluations and demonstrate potential for co-operation are included in the Register of Qualified Suppliers. We insist on partnering exclusively 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 corporate social responsibilities, working together to advance sustainable development.

As of 2024, the Company had a total of 17 suppliers (2023: 18), 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.

To ensure consistent and stable product quality, we implement ongoing monitoring of approved suppliers and conduct regular performance evaluations to minimize supply chain risks to the greatest extent possible. If any supplier is found to have integrity issues, such as corruption, fraud, or breaches of contract terms, we will immediately terminate the partnership. During the procurement process, we prioritize suppliers that offer energy-efficient products, possess advanced technology, demonstrate exceptional quality, and maintain high levels of safety and compliance. Selecting such suppliers not only contributes to energy conservation, emission reduction, and reduced environmental impact but also ensures that our products and services meet industry-leading standards.

In the future, we will further improve our supplier evaluation system to include more considerations on “environmental and social risk” as appropriate, and fully assess our suppliers’ performance in sustainability, social responsibility and ethical business operations. We endeavor to establish a sustainable supply chain system and work together with our partners who excel in environmental protection and social responsibility to promote a green and sustainable future.

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 have also established 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 (《禁止使用盜版軟體的公告》) 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 incidents related to intellectual property violations.

Environmental, Social and Governance Report

As for product quality verification and recovery, 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.

COMMUNITY INVESTMENT

We are fully aware of the social responsibilities that come with being an enterprise and are committed to giving back to local communities, contributing to their prosperity and development. In 2024, we donated a total of RMB50,000 to the Red Cross Society of Muping District, Yantai City, to support the charity undertakings of the organization, including emergency rescue, medical assistance, poverty-stricken family support and other social welfare projects. We aim to provide substantive help to community development and disadvantaged groups. In the future, we will continue to demonstrate our care and support for the community through other means, for example, we actively encourage employees to participate in community volunteer services, putting our corporate social responsibility into practice and fostering a positive and uplifting corporate culture.

On the path of promoting community development, we have consistently invested in surrounding villages, bringing tangible benefits to local communities through actions and thereby fostering harmonious and friendly relationships with the villagers. Recognizing that our mining and production activities may cause some disruptions and inconveniences to the daily lives of nearby villagers, we have implemented a villager dividend compensation plan since 2012, providing monetary compensation to each participating villager on a quarterly basis as a gesture of comfort and reciprocation to the villagers. During the Reporting Period, we also provided financial assistance for community projects such as tap water works and elevator inspections and maintenance, further improving the living conditions of the villagers.

Environmental, Social and Governance Report

We also put emphasis on the economic development in the region as one of our key contributions to the local communities. We provide various employment opportunities to villagers in nearby villages, including truck drivers and workers in the mining areas and ore processing plant, which effectively promoted the improvement of the local employment rate. Furthermore, in previous years, we granted an interest-free loan of RMB4 million to Songjiagou Weikun Vegetables and Fruits Farmers Specialised Cooperation (宋家溝煒坤蔬果農民專業合作社) ("**Weikun**") for the construction of a greenhouse to support the agricultural economic development of these villagers and farmers in the Muping District of Yantai. The loan is interest-free and unsecured. However, due to operational difficulties faced by Weikun, it was unable to repay the loan in installments by mid-2024 and is also estimated to be unable to fully repay the loan by mid-September 2025. Through amicable negotiations between both parties, Weikun has transferred its owned assets, such as fruit and vegetable greenhouses, to the Company to repay the loan. The Company can utilize these greenhouses for vegetable cultivation to supply the Company's staff canteen. This fully demonstrates our deep care for the community and embodies the spirit of mutual assistance and benefit.

ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions and Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Metrics and Targets; Emissions and Waste Management; Management of Use of Resources; Management of the Environment and Natural Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions and Waste Management; Soil Contamination Monitoring List

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Emissions and Waste Management; Management of Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Emissions and Waste Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Emissions and Waste Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Management of the Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Management of the Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environmental and Climate-related Risks and Opportunities
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environmental and Climate-related Risks and Opportunities

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented; Care for our Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	People-oriented
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People-oriented
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption, Anti-Bribery and Anti-Money Laundering
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption, Anti-Bribery and Anti-Money Laundering
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption, Anti-Bribery and Anti-Money Laundering
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption, Anti-Bribery and Anti-Money Laundering
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Independent Auditor's Report

EY 安永

Independent auditor's report
To the shareholders of Persistence Resources Group Ltd
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Persistence Resources Group Ltd (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 113 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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**") 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**"), and 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.

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
Revenue recognition The Group recorded revenue amounting to RMB499,505,000 for the year ended 31 December 2024. 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 is recognised at the point in time when control of the gold bullion has been transferred to the customer. We identified the revenue recognition as a key audit matter because revenue is one of the key performance indicators and driving factors of profit of the Group, and there is an inherent risk of management manipulating revenue recognition in order to achieve specific goals or expectations. Besides, the amount was significant to the consolidated financial statements as a whole. 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 of and evaluated the process and internal controls in place on 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, customer bills, 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 external sales confirmation from the customer.

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.

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 International Financial Reporting Standards issued by the IASB, 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, in accordance with our agreed terms of engagement, 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 HKSAs 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 HKSAs, 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.

- 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.

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

- 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.

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 HO Siu Fung, Terence.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**499,505**	383,463
Cost of sales		**(245,746)**	(200,210)
Gross profit		**253,759**	183,253
Other income and gains	5	**19,703**	9,851
Administrative expenses		**(55,497)**	(43,239)
Impairment losses on financial assets		**–**	(421)
Other expenses		**(1,699)**	(17)
Finance costs	7	**(2,457)**	(3,170)
PROFIT BEFORE TAX	6	**213,809**	146,257
Income tax expense	10	**(67,201)**	(51,318)
PROFIT FOR THE YEAR		**146,608**	94,939
Attributable to:			
Owners of the parent		**104,760**	65,025
Non-controlling interests		**41,848**	29,914
		146,608	94,939

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of subsidiaries		**(7,261)**	(4,590)
		(7,261)	(4,590)
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of the Company		**11,999**	4,076
		11,999	4,076
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**4,738**	(514)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**151,346**	94,425
Attributable to:			
Owners of the parent		**109,498**	64,511
Non-controlling interests	29	**41,848**	29,914
		151,346	94,425
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	**RMB5.24 cents**	RMB4.30 cents

Consolidated Statement of Financial Position

31 December 2024

	Notes	**31 December 2024** **_RMB'000_**	31 December 2023 _RMB'000_
NON-CURRENT ASSETS			
Property, plant and equipment	13	**343,899**	342,520
Right-of-use assets	14(a)	**105,051**	110,885
Intangible assets	15	**110,341**	117,843
Deferred tax assets	16	**8,015**	6,727
Other long-term assets	17	**265**	3,732
Total non-current assets		**567,571**	581,707
CURRENT ASSETS			
Inventories	18	**18,040**	21,821
Prepayments, other receivables and other assets	19	**8,540**	7,901
Restricted and pledged deposits	20	**21,212**	19,232
Cash and cash equivalents	20	**639,599**	586,840
Current portion of other long-term assets	17	**–**	400
Total current assets		**687,391**	636,194
CURRENT LIABILITIES			
Trade payables	21	**11,501**	10,273
Other payables and accruals	22	**23,826**	29,055
Deferred income	24	**–**	170
Interest-bearing bank and other borrowings	25	**–**	30,000
Lease liabilities	14(b)	**638**	–
Tax payable		**93,746**	99,914
Provision	23	**2,296**	1,305
Current portion of other long-term liabilities	26	**7,369**	7,369
Total current liabilities		**139,376**	178,086
NET CURRENT ASSETS		**548,015**	458,108
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,115,586**	1,039,815

Consolidated Statement of Financial Position

31 December 2024

	Notes	**31 December 2024 *RMB'000***	31 December 2023 *RMB'000*
NON-CURRENT LIABILITIES			
Provision	23	**27,299**	25,091
Other long-term liabilities	26	**17,510**	23,878
Deferred tax liabilities	16	**17,210**	14,911
Lease liabilities	14(b)	**108**	–
Total non-current liabilities		**62,127**	63,880
NET ASSETS		**1,053,459**	975,935
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	**18,172**	18,172
Reserves	28	**865,292**	809,616
		883,464	827,788
Non-controlling interests		**169,995**	148,147
TOTAL EQUITY		**1,053,459**	975,935

SHAO Xuxin
Director

LO Cheuk Kwong
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000 (note 27)	Share premium* RMB'000 (note 28)	Capital reserve* RMB'000 (note 28)	Statutory surplus reserve* RMB'000 (note 28)	Special reserve* RMB'000 (note 28)	Exchange fluctuation reserve* RMB'000 (note 28)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022	1	–	384,492	34,755	–	12,236	122,387	553,871	122,233	676,104
Profit for the year	–	–	–	–	–	–	65,025	65,025	29,914	94,939
Other comprehensive income for the year:										
Exchange differences on translation of financial statements of group companies	–	–	–	–	–	(514)	–	(514)	–	(514)
Total comprehensive income for the year	–	–	–	–	–	(514)	65,025	64,511	29,914	94,425
Issuance of shares upon listing on The Hong Kong Stock Exchange	4,543	245,322	–	–	–	–	–	249,865	–	249,865
Transfer from share premium	13,628	(13,628)	–	–	–	–	–	–	–	–
Transfer from retained profits	–	–	–	11,965	–	–	(11,965)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(9,000)	(9,000)
Dividend declared	–	–	–	–	–	–	(23,428)	(23,428)	–	(23,428)
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	5,000	5,000
Capitalisation of listing expenses	–	(17,031)	–	–	–	–	–	(17,031)	–	(17,031)
Provision of safety fund surplus reserve	–	–	–	–	2,191	–	(2,191)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	–	(2,191)	–	2,191	–	–	–
Transfer from capital reserve	–	–	(13,700)	–	–	–	13,700	–	–	–
As at 31 December 2023	18,172	214,663	370,792	46,720	–	11,722	165,719	827,788	148,147	975,935

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital# RMB'000 (note 27)	Share Premium RMB'000 (note 28)	Capital reserve* RMB'000 (note 28)	Statutory surplus reserve* RMB'000 (note 28)	Special reserve* RMB'000 (note 28)	Exchange fluctuation reserve* RMB'000 (note 28)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023	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 financial statements of group companies	-	-	-	-	-	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 shareholders	-	-	-	-	-	-	-	-	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

* These reserve accounts represent the total consolidated reserves of RMB865,292,000 (2023: RMB809,616,000) in the consolidated statement of financial position.

\# As at 31 December 2024, issued capital amounted to HKD20,000,000 (2023: HKD20,000,000).

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**213,809**	146,257
Adjustments for:			
Finance costs	7	**2,457**	3,170
(Gain)/loss on disposal of items of property, plant and equipment	6	**(12)**	5
Impairment loss of other receivables	19	**–**	421
Depreciation of items of property, plant and equipment	6	**44,000**	31,167
Depreciation of right-of-use assets	6	**9,706**	9,075
Amortisation of intangible assets	6	**7,502**	7,247
		277,462	197,342
Decrease/(increase) in inventories		**3,781**	(3,169)
Decrease in prepayments, other receivables and other assets		**4,901**	1,662
Increase/(decrease) in trade payables		**1,228**	(2,153)
Increase in restricted and pledged bank deposits		**(1,980)**	(1,638)
Increase in other payables and accruals		**(847)**	2,780
Cash generated from operations		**284,545**	194,824
Tax paid		**(72,358)**	(20,496)
Net cash flows from operating activities		**212,187**	174,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances of loans to third parties		**–**	400
Purchases of items of property, plant and equipment		**(42,547)**	(70,578)
Proceeds from disposal of property, plant and equipment		**12**	1,206
Additions to intangible assets		**(6,300)**	(6,300)
Additions to right-of-use assets		**(2,609)**	(240)
Deposit for proposed investment		**(5,540)**	–
Net cash flows used in investing activities		**(56,984)**	(75,512)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	231,588
Share issue expenses		**(936)**	(2,169)
Repayment of advances from related parties		**–**	(500)
Repayment of other long-term liabilities		**(1,069)**	(1,068)
New bank loans		**–**	30,000
Repayment of bank loans		**(30,000)**	(30,000)
Interest paid		**(813)**	(1,310)
Dividends paid		**(53,822)**	(23,428)
Dividends paid to non-controlling interests		**(30,000)**	(9,000)
Contribution from non-controlling shareholders		**10,000**	12,200
Principal portion of lease payments		**(542)**	–
Net cash flows (used in)/from financing activities		**(107,182)**	206,313
NET INCREASE IN CASH AND CASH EQUIVALENTS		**48,021**	305,129
Cash and cash equivalents at beginning of year		**586,840**	282,187
Effects of exchange rate changes on cash and cash equivalents		**4,738**	(476)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**639,599**	586,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	20	**639,599**	586,840
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS		**639,599**	586,840

Notes to the Consolidated Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in the mining, processing and sales 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	Place of incorporation/ registration and business	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Majestic Yantai Gold Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
PRG Res Holding 1 Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
PRG Res Holding 2 Ltd.*	British Virgin Islands	USD50,000	100%	–	Investment holding
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. ("**Yantai Zhongjia**")**	PRC/Mainland China	RMB228,705,500	–	75%	Mining, processing and sales of gold
PRG Res HK 1 Limited**	Hong Kong	HKD1	–	100%	Investment holding
PRG Res HK 2 Limited**	Hong Kong	HKD1	–	100%	Investment holding
集海資源企業管理(深圳)有限公司 Jihai Resources Enterprise Management (Shenzhen) Co., Ltd.**	PRC/Mainland China	RMB5,000,000	–	100%	Investment holding

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

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

The English names of the subsidiaries registered in the PRC 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 2024

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. 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.

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 the following revised standards for the first time for the current year's financial statements.

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

Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised standards 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.

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

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

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

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

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

31 December 2024

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2024

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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment is 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 it is calculated 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%
Plant and machinery	5% to 20%
Office equipment, and electronic and other devices	20%
Motor vehicles	20%
Mining infrastructure	Respective lives of mines
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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to the Consolidated Financial Statements

31 December 2024

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	30 to 50 years
Buildings	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.

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 2024

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, fair value through other comprehensive income, and fair value through profit or loss.

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.

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 2024

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.

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 borrowings and lease liabilities.

Notes to the Consolidated Financial Statements

31 December 2024

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, 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.

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 2024

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 PRC. 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, then discounted at a discount rate 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.

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 2024

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.

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 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 PRC. 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.

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 because the Company's funds obtained from shareholders and expenditures are mainly denominated in Hong Kong dollars. The Group's operation is mainly carried out in Mainland China 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 2024

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 Mainland China and overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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:

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.

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:

Notes to the Consolidated Financial Statements

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

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 2024 was RMB27,299,000 (2023: RMB25,091,000), respectively. Further details are included in note 23.

Useful lives of property, plant and equipment

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and, in the case of mining related property, plant and equipment, estimated lives of mines. If the estimated useful lives change significantly, adjustments to depreciation will be provided in the future year. The carrying amount of property, plant and equipment at 31 December 2024 was RMB343,899,000 (2023: RMB344,130,000). Further details are included in note 13.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses, 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. 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 16 to the financial statements.

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 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.

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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 Mainland China and no non-current assets of the Group are located outside Mainland China.

INFORMATION ABOUT THE MAJOR CUSTOMER

Revenue from the major customer is set out below:

	2024 ***RMB'000***	2023 *RMB'000*
Customer A	**499,505**	383,463

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:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Sales of gold bullion	**499,505**	383,463

Represented by:

	2024 RMB'000	2023 RMB'000
Revenue from sales of gold bullion		
Recognised at a point in time	**499,505**	383,463

OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Sales of sulfuric acid	**5,441**	4,783
Government grants*	**835**	170
Interest income	**13,059**	4,493
Gains on disposal of property, plant and equipment	**12**	–
Gains on foreign exchange	**–**	286
Others	**356**	119
Total	**19,703**	9,851

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

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6. PROFIT BEFORE TAX

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

	Notes	**2024** **RMB'000**	2023 RMB'000
Cost of inventories sold		**245,746**	200,210
Depreciation of property, plant and equipment*	13	**44,000**	31,167
Depreciation of right-of-use assets*	14	**9,706**	9,075
Amortisation of intangible assets*	15	**7,502**	7,247
Listing expenses		**–**	12,789
Research and development costs**		**10,390**	8,407
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		**49,020**	41,157
Pension scheme contributions		**10,120**	8,967
Total		**59,140**	50,123
Foreign exchange differences, net		**424**	–
(Gain)/loss on disposal of items of property, plant and equipment		**(12)**	5
Auditor's remuneration		**1,865**	1,196
Impairment of other receivables	19	**–**	421

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

** Research and development costs included the employee benefit expense for research and development personnel.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**782**	1,301
Interest expense on lease liabilities	**25**	–
Increase in discounted amounts of provisions and other long-term liabilities arising from the passage of time	**1,650**	1,869
	2,457	3,170

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, sections 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:

	2024 RMB'000	2023 RMB'000
Fees	**988**	76
Other emoluments:		
Salaries, allowances and benefits in kind	**4,232**	2,507
Pension scheme contributions and social welfare	**52**	21
Subtotal	**4,284**	2,528
Total	**5,272**	2,604

Notes to the Consolidated Financial Statements

31 December 2024

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

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

	2024 **RMB'000**	2023 RMB'000
– Dr. MALAIHOLLO Jeffrey Francis A*	**219**	19
– Mr. CHAN Ngai Fan**	**219**	19
– Ms. LIU Li***	**219**	19
– Dr. ZENG Ming****	**219**	19
Total	**876**	76

* Dr. MALAIHOLLO Jeffrey Francis A was appointed as an independent non-executive director, a member of the audit committee, the nomination committee and the remuneration committee of the board of directors with effect from 30 November 2023.

** Mr. CHAN Ngai Fan was appointed as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the board of directors with effect from 30 November 2023. He was further appointed as the chairman of the Risk Management Committee and a member of the ESG Committee of the board of directors on 6 February 2025.

*** Ms. LIU Li was appointed as an independent non-executive director with effect from 30 November 2023. She was further appointed as a member of Risk Management Committee and ESG Committee on 6 February 2025.

**** Dr. ZENG Ming was appointed as an independent non-executive director, a member of the audit committee and the nomination committee and the chairman of the remuneration committee of the board of directors with effect from 30 November 2023. He was further appointed as a member of the Risk Management Committee and the chairman of the ESG Committee.

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

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

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

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
2024					
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**
	–	**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**
2023					
Executive directors:					
– Mr. CHEN Shaohui	–	221	–	5	226
– Mr. MACKIE James Thomas	–	464	–	–	464
– Mr. LO Cheuk Kwong	–	1,261	–	16	1,277
	–	1,946	–	21	1,967
Chief executive:					
– Dr. SHAO Xuxin	–	561	–	–	561
	–	2,507	–	21	2,528

* Mr. CHEN Libei was appointed as a non-executive director with effect from 26 June 2024.

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

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2023: one director and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**752**	1,212
Performance-related bonuses	**120**	200
Pension scheme contributions and social welfare	**85**	149
Total	**957**	1,561

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	
	2024	2023
Nil to HKD500,000	**1**	–
HKD500,001 to HKD1,000,000	**1**	3
Total	**2**	3

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.

In December 2024, Yantai Zhongjia was identified as a "High and New Technology Enterprise" in the government website and thus was granted a preferential rate of 15% for three years from 1 January 2024 to 31 December 2026, if certain conditions were met. Subsequently, the new "High and New Technology Enterprise" certificate has already been issued. In arriving at the current tax provision for Yantai Zhongjia for the year ended 31 December 2024, the Group conservatively adopted the statutory income tax rate of 25% after considering that the State Taxation Bureau may hold a different view about the preferential tax rate as granted by the local Taxation Bureau.

The subsidiary of the Group operating in Mainland China was generally subject to the PRC corporate income tax at a rate of 25% for the year ended 31 December 2024 (2023: 25%).

	2024 ***RMB'000***	2023 *RMB'000*
Current tax:		
PRC corporate income tax	**66,190**	46,763
Deferred tax (note 16)	**1,011**	4,555
Total tax charge for the year	**67,201**	51,318

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:

	2024 ***RMB'000***	2023 *RMB'000*
Profit before tax	**213,809**	146,257
At the statutory income tax rate of 25%	**53,452**	36,564
Effect of tax rate differences in other jurisdictions	**2,419**	4,160
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**8,299**	8,077
Expenses not deductible for tax	**2,329**	2,517
Tax losses not recognised	**702**	–
Total	**67,201**	51,318

Notes to the Consolidated Financial Statements

31 December 2024

11. DIVIDENDS

	2024 *RMB'000*	2023 *RMB'000*
Interim – HKD0.0295 (2023: Nil) per ordinary share	**53,822****	–
Dividends	**–**	23,428*

* All the dividends declared in 2023 were paid in November 2023.

** All the dividends declared in 2024 were paid in September 2024.

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 2,000,000,000 (2023: 1,512,328,767) outstanding during the year used in the calculation is the number of ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares outstanding during the year of 2024 (2023: Nil).

The calculation of basic earnings per share is based on:

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: (RMB'000)	**104,760**	65,025
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation:	**2,000,000,000**	1,512,328,767

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Office equipment and electronic and other devices *RMB'000*	Motor vehicles *RMB'000*	Mining infrastructure *RMB'000*	Leasehold improvements *RMB'000*	Total *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

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31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment and electronic and other devices RMB'000	Motor vehicles RMB'000	Mining infrastructure RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023							
Cost	3,229	199,857	4,587	6,705	275,614	4,094	494,086
Accumulated depreciation	(976)	(102,517)	(3,869)	(4,174)	(85,377)	(244)	(197,157)
Net carrying amount	2,253	97,340	718	2,531	190,237	3,850	296,929
At 1 January 2023, net of accumulated depreciation							
Additions	2,263	6,291	–	604	68,756	–	77,914
Disposals	–	(1,156)	–	–	–	–	(1,156)
Depreciation provided during the year	(190)	(13,527)	(317)	(761)	(16,167)	(205)	(31,167)
At 31 December 2023, net of accumulated depreciation	4,326	88,948	401	2,374	242,826	3,645	342,520
At 31 December 2023							
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

The ownership certificates of certain property, plant and equipment with an aggregate net carrying value of RMB1,930,000 (2023: RMB2,091,000) have not yet been obtained as at 31 December 2024.

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 30 to 50 years and buildings with lease periods of 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 *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
As at 1 January 2023	73,350	46,370	119,720
Additions	–	240	240
Depreciation charge	(4,225)	(4,850)	(9,075)
As at 31 December 2023 and 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	**64,900**	**40,151**	**105,051**

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

The net carrying value of land with land use right certificates was RMB794,000 (2023: RMB837,000) as at 31 December 2024.

Notes to the Consolidated Financial Statements

31 December 2024

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:

	2024 *RMB'000*	2023 *RMB'000*
Carrying amount at 1 January 2024	–	–
New leases	1,263	–
Accretion of interest recognised during the year	25	–
Payments	(542)	–
Carrying amount at 31 December 2024	746	–
Analysed into:		
Current portion	638	–
Non-current portion	108	–

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

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

	2024 *RMB'000*	2023 *RMB'000*
Interest on lease liabilities	25	–
Depreciation charge of right-of-use assets	9,706	9,075
Expenses relating to short-term leases (included in cost of sales)	156	120
Total amount recognised in profit or loss	9,887	9,195

15. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2024			
Cost			
As at 1 January 2024	**154,399**	**1,276**	**155,675**
Additions	**–**	**–**	**–**
As at 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 2023	**117,018**	**825**	**117,843**
31 December 2023			
Cost			
As at 1 January 2023	154,399	1,276	155,675
Additions	–	–	–
As at 31 December 2023	154,399	1,276	155,675
Accumulated depreciation			
As at 1 January 2023	(30,405)	(180)	(30,585)
Amortisation provided during the year	(6,976)	(271)	(7,247)
As at 31 December 2023	(37,381)	(451)	(37,832)
Net carrying amount			
As at 31 December 2023	117,018	825	117,843
As at 31 December 2022	123,994	1,096	125,090

Notes to the Consolidated Financial Statements

31 December 2024

16. DEFERRED TAX

DEFERRED TAX LIABILITIES

	Changes in rehabilitation assets *RMB'000*	Withholding taxes *RMB'000*	Total *RMB'000*
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 *RMB'000*	Other long-term liabilities *RMB'000*	Depreciation in excess of related depreciation allowance *RMB'000*	Impairment of financial assets *RMB'000*	Total *RMB'000*
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

16. DEFERRED TAX (CONTINUED)

DEFERRED TAX LIABILITIES

	Changes in rehabilitation assets *RMB'000*	Withholding taxes *RMB'000*	Total *RMB'000*
At 1 January 2023	2,675	9,535	12,210
Deferred tax charged/(credited) to profit or loss during the year (note 10)	(88)	5,376	5,288
Gross deferred tax liabilities at 31 December 2023	2,587	14,911	17,498

DEFERRED TAX ASSETS

	Provision for rehabilitation *RMB'000*	Other long-term liabilities *RMB'000*	Depreciation in excess of related depreciation allowance *RMB'000*	Impairment of financial assets *RMB'000*	Total *RMB'000*
At 1 January 2023	5,978	2,074	529	–	8,581
Deferred tax credited/(charged) to profit or loss during the year (note 10)	294	(166)	500	105	733
Gross deferred tax assets at 31 December 2023	6,272	1,908	1,029	105	9,314

Notes to the Consolidated Financial Statements

31 December 2024

16. DEFERRED TAX (CONTINUED)

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:

	2024 **RMB'000**	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**8,015**	6,727
Net deferred tax liabilities recognised in the consolidated statement of financial position	**17,210**	14,911

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

17. OTHER LONG-TERM ASSETS

	2024 **RMB'000**	2023 RMB'000
Loans receivable*	**–**	3,600
Advance payments for purchases of property, plant and equipment	**265**	532
Total	**265**	4,132

	2024 **RMB'000**	2023 RMB'000
Analysed into:		
Current portion	**–**	400
Non-current portion	**265**	3,732
Total	**265**	4,132

* The loans receivable are non-trade in nature, unsecured and interest-free. The loans receivable of RMB3,600,000 as at 31 December 2023 were repayable in nine instalments from 2024 to 2032. Please refer to note 30(b) for the settlement in year 2024.

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18. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Gold concentrate	**1,211**	3,316
Ore stockpile	**8,080**	10,484
Raw materials	**8,749**	8,021
Total	**18,040**	21,821

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**1,820**	1,658
Deposits and other receivables	**6,720**	6,664
Impairment allowance	**–**	(421)
Total	**8,540**	7,901

Other receivables are unsecured and non-interest-bearing.

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31 December 2024

20. CASH AND CASH EQUIVALENTS, RESTRICTED AND PLEDGED DEPOSITS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**492,124**	394,794
Time deposits	**168,687**	211,278
Subtotal	**660,811**	606,072
Less: Restricted and pledged deposits	**(21,212)**	(19,232)
Cash and cash equivalents	**639,599**	586,840

At 31 December 2024, the cash and cash equivalents of the Group denominated in Hong Kong dollars ("**HKD**") amounted to approximately RMB171,204,000 (2023: RMB213,556,000), those denominated in Canadian dollars ("**CAD**") amounted to approximately RMB605,000 (2023: RMB634,000) and those denominated in United States dollars ("**USD**") amounted to approximately RMB65,983,000 (2023: RMB64,955,000) respectively. All other cash and cash equivalents held by the Group are denominated in RMB.

The RMB is not freely convertible into other currencies, however, under Mainland China'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.

The restricted and pledged deposits amounting to RMB21,212,000 (2023:RMB19,232,000) as at 2024 were mainly placed as environmental rehabilitation deposits which are restricted to use.

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 deposits are deposited with creditworthy banks with no recent history of default.

Notes to the Consolidated Financial Statements

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21. TRADE PAYABLES

	2024 **RMB'000**	2023 RMB'000
Within one year	**11,501**	10,273

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

22. OTHER PAYABLES AND ACCRUALS

	2024 **RMB'000**	2023 RMB'000
Other payables	**10,373**	16,269
Other tax payables	**8,115**	7,710
Accrued salaries	**5,338**	5,045
Interest payable	**–**	31
Total	**23,826**	29,055

Other payables are non-interest-bearing and repayable on demand.

23. PROVISIONS

	Notes	**2024** **RMB'000**	2023 RMB'000
Provision for relocation	(a)	**906**	935
Provision for penalties	(a)	**1,390**	370
Provision for rehabilitation	(b)	**27,299**	25,091
Less: Current portion		**(2,296)**	(1,305)
Non-current portion		**27,299**	25,091

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23. PROVISIONS (CONTINUED)

(a) The provision for relocation is related to the relocation of villages surrounding the mine and the provision for penalties arising from the late application for construction project planning permit in open pit mine, and the tax penalty due to the change in the calculation method on previous years resources tax as required by local taxation bureau.

	Provision for relocation RMB'000	Provision for penalties RMB'000	Total RMB'000
At 1 January 2023	935	370	1,305
Amounts utilised during the year	–	–	–
At 31 December 2023 and 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	**906**	**1,390**	**2,296**

(b) The provision for rehabilitation is related 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 periods ranging from 6 to 12 years.

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

	2024 ***RMB'000***	2023 *RMB'000*
As at the beginning of the year	**25,091**	23,913
Interest increments	**649**	690
Change in discount rate	**1,559**	488
As at the end of the year	**27,299**	25,091

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24. DEFERRED INCOME

	Government grants *RMB'000*
As at 1 January 2023	340
Recognised in profit or loss during the period	(170)
As at 31 December 2023 and1 January 2024	**170**
Recognised in profit or loss during the period	**(170)**
As at 31 December 2024	**–**

The deferred income represents government subsidies granted to the Group in relation to its daily operation.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank borrowings – secured	**–**	**–**	**–**	3.77	2024	30,000

The Group's bank borrowings amounting to nil (2023: RMB30,000,000) as at 31 December 2024, respectively, were guaranteed by Yantai Dahedong Processing Co. Ltd. ("Dahedong"), Zhou Shufeng, chairman of the board of directors and general manager of Yantai Zhongjia, and his spouse, and Yantai Baiheng Gold Mine Co. Ltd. ("Baiheng").

BANK BORROWINGS

	2024 ***RMB'000***	2023 *RMB'000*
Analysed into:		
Repayable within one year	**–**	30,000

The Group's borrowings are all denominated in RMB with fixed interest rates.

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26. OTHER LONG-TERM LIABILITIES

	2024 RMB'000	2023 RMB'000
Instalment of the purchase of mining rights*	**17,943**	23,616
Village distribution payables**	**6,936**	7,631
Total	**24,879**	31,247

	2024 RMB'000	2023 RMB'000
Analysed into:		
Current portion	**7,369**	7,369
Non-current portion	**17,510**	23,878
Total	**24,879**	31,247

* Yantai Zhongjia obtained a mining right from Yantai Natural Resources and Planning Bureau in 2020 and the final purchase price of RMB74,120,800 was determined in 2021. According to the mining right transfer agreement, excluding the down payment of RMB30,000,000, the remaining payment amounting to RMB44,120,800 shall be paid in 7 years from 2021 to 2027, which is interest free and unsecured.

** According to agreement with villagers, Yantai Zhongjia gave additional compensation to villagers for occupying land within 20 years from 2012 to 2032. The compensation amounted to RMB22,654,800 in total, which is interest free and unsecured.

27. SHARE CAPITAL

	2024 **RMB'000**	2023 RMB'000
Issued and fully paid:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HKD0.01 each	**18,172**	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 2023 and 1 January 2024	**2,000,000,000**	**18,172**
At 31 December 2024	**2,000,000,000**	**18,172**

28. 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 9 to 10 of the financial statements.

SHARE PREMIUM

The Group's share premium represents the difference between the shareholders' contribution and the share capital paid by the shareholders.

CAPITAL RESERVE

Capital reserve represents (i) the difference between the non-controlling shareholder's contribution and the share capital attributed to the non-controlling interest; and (ii) the deemed contribution arising from shareholders of the Company and its subsidiaries waiving certain amount of debt in previous years.

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28. RESERVES (CONTINUED)

STATUTORY SURPLUS RESERVE

In accordance with the Company Law of the PRC and the Articles of Association of Yantai Zhongjia, Yantai Zhongjia is required to allocate 10% of its profit after tax determined under PRC Accounting Standards to the statutory surplus reserve until such reserve reaches 50% of the authorised share capital of Yantai Zhongjia. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to increase the share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised share 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 of the PRC in February 2012, 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 as and when they are incurred, including expenses related to safety protection facilities and equipment maintenance as well as safety production inspection, consultation and training.

EXCHANGE FLUCTUATION RESERVE

The foreign exchange reserve comprises all exchange differences arising from the translation of the financial statements of entities whose functional currencies are not RMB.

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

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

	2024 **RMB'000**	2023 RMB'000
Percentage of equity interest held by non-controlling interests:		
Yantai Zhongjia Mining Co., Ltd.	**25%**	25%
Profit for the year allocated to non-controlling interests:		
Yantai Zhongjia Mining Co., Ltd.	**41,848**	29,914
Accumulated balances of non-controlling interests at the end of the year:		
Yantai Zhongjia Mining Co., Ltd.	**169,995**	148,147

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

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

	2024 ***RMB'000***	2023 *RMB'000*
Revenue	**499,505**	383,463
Other income and gains	**10,615**	8,060
Total expenses	**(342,727)**	(271,869)
Profit for the year	**167,393**	119,654
Total comprehensive income for the year	**167,393**	119,654
Current assets	**478,868**	388,106
Non-current assets	**566,821**	581,691
Current liabilities	**(382,806)**	(390,149)
Non-current liabilities	**(44,809)**	(48,968)
Net cash flows from operating activities	**193,425**	201,056
Net cash flows used in investing activities	**(54,523)**	(75,512)
Net cash flows used in financing activities	**(45,882)**	(23,106)
Net increase in cash and cash equivalents	**93,020**	102,438

30. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

In December 2024, the Group had non-cash additions to retained profits and deduction from capital reserve of RMB9,260,000 (2023: RMB13,700,000) and RMB9,260,000 (2023: RMB13,700,000), respectively, for the purpose of dividend distribution to the existing shareholders.

In December 2024, Yantai Zhongjia signed an agreement with Songjiagou Weikun Fruit and Vegetable Cooperative offset its debt amounting to RMB3,600,000 due to Yantai Zhongjia with related assets, which were valued amounting to RMB4,670,000. The difference of RMB1,070,000 between the assets value and the debt amount was paid by Yantai Zhongjia in cash in the same month.

In December 2023, the Group had non-cash additions to share capital and deduction to share premium of RMB13,628,000 and RMB13,628,000, respectively, in respect of issuing shares to certain shareholders from share premium of the Group.

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest payable *RMB'000*	Interest-bearing bank borrowings *RMB'000*	Due to shareholders *RMB'000*	Included in other payables and accruals/ other long-term liabilities *RMB'000*	Lease liability *RMB'000*	Total liabilities from financing activities *RMB'000*
At 31 December 2023 and 1 January 2024	31	30,000	-	7,631	-	37,662
Cash flows from financing activities	(813)	(30,000)	-	(1,069)	(542)	(32,424)
New leases	-	-	-	-	1,263	1,263
Interest expense	782	-	-	-	-	782
Non-cash changes						
Accrual of interest	-	-	-	-	25	25
Incremental interest on provisions and other long-term liabilities	-	-	-	374	-	374
At 31 December 2024	**-**	**-**	**-**	**6,936**	**746**	**7,682**

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30. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Interest payable *RMB'000*	Interest-bearing bank borrowings *RMB'000*	Due to shareholders *RMB'000*	Included in other payables and accruals/ other long-term liabilities *RMB'000*	Lease liability *RMB'000*	Total liabilities from financing activities *RMB'000*
At 1 January 2023	40	30,000	447	8,293	–	38,780
Cash flows from financing activities	(1,310)	–	(500)	(1,068)	–	(2,878)
Interest expense	1,301	–	–	–	–	1,301
Incremental interest on provisions and other long-term liabilities	–	–	–	406	–	406
Currency translation differences	–	–	53	–	–	53
At 31 December 2023 and 1 January 2024	31	30,000	–	7,631	–	37,662

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31. COMMITMENT

The Group had no capital commitments at the end of the reporting period (2023: Nil).

32. RELATED PARTY TRANSACTIONS

(1) NAME AND RELATIONSHIP

Name of related parties	**Relationship with the Group**
Majestic Gold Corp.	Controlling shareholder of the Company
Yantai Dahedong Processing Co. Ltd.	Non-controlling shareholder of Yantai Zhongjia
Kong Fanzhong	A former director of Yantai Zhongjia and shareholder of Majestic Gold Corp.
Kong Fanbo	A director of Yantai Zhongjia and a close family member of Kong Fanzhong's family
Yantai Baiheng Gold Mine Co. Ltd.	An entity controlled by Kong Fanzhong and significantly influenced by Kong Fanbo

(2) THE GROUP HAD THE FOLLOWING TRANSACTIONS WITH A RELATED PARTY DURING THE YEAR:

	2024 *RMB'000*	2023 *RMB'000*
Payment made by a related party on behalf of the Group:		
Majestic Gold Corp.	–	819
Repayment of amounts due to a related party:		
Majestic Gold Corp.	–	1,272

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) OTHER TRANSACTIONS WITH RELATED PARTIES

Dahedong, Kong Fanzhong, Kong Fanbo and Baiheng with other independent third party, have guaranteed certain bank borrowings made to the Group of RMBnil, and RMB30,000,000 as at 31 December 2024 and 2023, as further detailed in note 25.

In November 2022, the registered capital of Yantai Zhongjia was increased from RMB139,905,500 to RMB168,705,500, of which the shareholder Majestic Yantai Gold Ltd. increased its capital by RMB21,600,000 and Dahedong increased its capital by RMB7,200,000. In December 2022, Yantai Zhongjia received the full amount of capital increase of RMB21,600,000 from Majestic Yantai Gold Ltd. In December 2023, Yantai Zhongjia received the full amount of capital increase of RMB7,200,000 from Dahedong.

In November 2023, the registered capital of Yantai Zhongjia was increased from RMB168,705,500 to RMB188,705,500, of which the shareholder Majestic Yantai Gold Ltd. increased its capital by RMB15,000,000 and Dahedong increased its capital by RMB5,000,000. In December 2023, Yantai Zhongjia received the full amount of capital increase from Majestic Yantai Gold Ltd. and Dahedong.

In January 2024, the registered capital of Yantai Zhongjia was increased from RMB188,705,500 to RMB228,705,329.32 by the capital injection from shareholders Majestic Yantai Gold Ltd. and Dahedong in amounts of RMB29,999,871.99, RMB9,999,957.33, respectively. In February 2024, Yantai Zhongjia received the full amount of capital injection from Majestic Yantai Gold Ltd. and Dahedong.

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32. RELATED PARTY TRANSACTIONS (CONTINUED)

(4) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2024	2023
	RMB'000	*RMB'000*
Short-term employee benefits	**6,774**	4,562
Pension scheme contributions	**187**	303
Total compensation paid to key management personnel	**6,961**	4,865

Further details of directors' emoluments are included in note 8 to the financial statements.

33. 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

	2024	2023
	RMB'000	*RMB'000*
Financial assets included in other long-term assets	**–**	3,600
Financial assets included in prepayments, other receivables and other assets	**6,720**	6,664
Restricted and pledged deposits	**21,212**	19,232
Cash and cash equivalents	**639,599**	586,840
Total	**667,531**	616,336

33. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

	2024 *RMB'000*	2023 *RMB'000*
Trade payables	**11,501**	10,273
Financial liabilities included in other payables and accruals	**10,373**	16,269
Interest-bearing bank borrowings	**–**	30,000
Other long-term liabilities	**24,879**	31,247
Total	**46,753**	87,789

34. 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, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, other long-term liabilities and the interest-bearing bank 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.

35. 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 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 interest rate risk, 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) 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 set out in note 25. The Group does not use derivative financial instruments to hedge interest rate risk and obtains all bank borrowings with a fixed rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity* *RMB'000*
2024			
If interest rate increases	**–**	**–**	**–**
If interest rate decreases	**–**	**–**	**–**
2023			
If interest rate increases	50	(66)	–
If interest rate decreases	(50)	66	–

* Excluding retained profits

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) 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.

	Increase/ (decrease) in rate of foreign currency *%*	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity* *RMB'000*
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)**
2023			
If the RMB weakens against the USD	1	650	557
If the RMB strengthens against the USD	(1)	(650)	(557)
If the RMB weakens against the CAD	1	6	6
If the RMB strengthens against the CAD	(1)	(6)	(6)

* Excluding foreign currency translation reserve

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) 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 2023 and 2024. 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 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
Financial assets included in other long-term assets				
– Not yet past due	–	–	–	–
Financial assets included in prepayments, other receivables and other assets				
– Normal*	6,720	–	–	6,720
– Doubtful*	–	–	–	–
Restricted and pledged 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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) CREDIT RISK (CONTINUED)

Maximum exposure and year-end staging (Continued)

31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in other long-term assets				
– Not yet past due	3,600	–	–	3,600
Financial assets included in prepayments, other receivables and other assets				
– Normal*	469	–	–	469
– Doubtful*	–	–	421	421
Restricted and pledged deposits				
– Not yet past due	19,232	–	–	19,232
Cash and cash equivalents				
– Not yet past due	586,840	–	–	586,840
Total	610,141	–	421	610,562

* 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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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(D) 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	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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**
31 December 2023					
Interest-bearing bank borrowings	–	291	30,528	–	30,819
Trade payables	10,273	–	–	–	10,273
Other payables and accruals	16,269	–	–	–	16,269
Other long-term liabilities	–	–	7,369	27,450	34,819
Total	26,542	291	37,897	27,450	92,180

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(E) 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 borrowings. Net debt includes interest-bearing bank 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:

	2024 ***RMB'000***	2023 *RMB'000*
Interest-bearing bank borrowings	**–**	30,000
Trade payables	**11,501**	10,273
Financial liabilities included in other payables and accruals	**10,373**	16,268
Other long-term liabilities	**24,879**	31,247
Less: Cash and cash equivalents	**(639,599)**	(586,840)
Net debt	**(592,846)**	(499,052)
Equity attributable to owners of the parent	**883,464**	827,788
Capital and net debt	**290,618**	328,736
Total equity	**1,053,459**	975,935
Gross gearing ratio	**–**	3.1
Net gearing ratio	**N/A**	N/A

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(E) CAPITAL MANAGEMENT (CONTINUED)

As at 31 December 2023 and 2024, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no net gearing ratio as at 31 December 2023 and 2024 was presented.

36. EVENT AFTER THE REPORTING PERIOD

On 24 February 2025, the Group announced the completion of the acquisition of 52% interest in Yantai City Mujin Mining Company Limited ("Target Company"). Same as the Group, the principal activity of the Target Company is mining and sales of gold in China. The total amount of the consideration was RMB81,900,000, which comprises (1) RMB29,400,000 for share purchase; and (2) RMB52,500,000 for capital injection. Pursuant to the Shareholders Meeting of the Target Company held on 28 February 2025 to confirm the completion of all the formality in relation to the acquisition by the Group, the Target Company has became an indirect non-wholly-owned subsidiary of the Company and the Target Company's financial results will be consolidated into the Group's financial statements.

37. 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:

	2024 *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**13**	17
Investment in a subsidiary	**1**	1
Total non-current assets	**14**	18
CURRENT ASSETS		
Prepayments, other receivables and other assets	**789**	6,065
Due from a subsidiary	**443,370**	330,316
Cash and cash equivalents	**137,843**	240,597
Total current assets	**582,002**	576,978
CURRENT LIABILITIES		
Due to related parties	**21,270**	20,816
Other payables and accruals	**1,994**	4,407
Total current liabilities	**23,264**	25,223
NET CURRENT ASSETS	**558,738**	551,755
Net assets	**558,752**	551,773
EQUITY		
Share capital	**18,172**	18,172
Reserves	**540,580**	533,601
Total equity	**558,752**	551,773

SHAO Xuxin
Director

LO Cheuk Kwong
Director

Notes to the Consolidated Financial Statements

31 December 2024

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
As at 1 January 2023	322,847	–	4,114	4,471	331,432
Profit for the year	–	–	–	6,858	6,858
Issue of shares	–	245,322	–	–	245,322
Transfer from share premium	–	(13,628)	–	–	(13,628)
Share issue expenses	–	(17,031)	–	–	(17,031)
Other comprehensive expense for the year:					
Exchange differences on translation of financial statements of the Company	–	–	4,076	–	4,076
Transfer from capital reserve	(13,700)	–	–	13,700	–
Total comprehensive income for the year	(13,700)	214,663	4,691	20,558	225,597
Dividend declared	–	–	–	(23,428)	(23,428)
As at 31 December 2023 and 1 January 2024	309,147	214,663	8,190	1,601	533,601
Profit for the year	**–**	**–**	**–**	**48,802**	**48,802**
Transfer from share premium	**–**	**–**	**–**	**–**	**–**
Share issue expenses	**–**	**–**	**–**	**–**	**–**
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)**
As at 31 December 2024	**299,887**	**214,663**	**20,189**	**5,841**	**540,580**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.