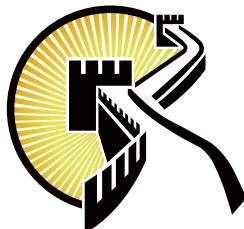


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PERSISTENCE RESOURCES GROUP LTD

集海資源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2489)

DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES IN THE TARGET COMPANY

Financial Adviser to the Company



THE ACQUISITION

The Company is pleased to announce, on 25 November 2024 (after trading hours), the Parties entered into the Share Purchase and Capital Increase Agreement, which comprise 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 the Target Company which controls the Muping Project. As a result, the Target Company 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.

As part of the Acquisition involves the Zhaojin Equity Transfer, in relation to the Zhaojin Equity Transfer, through PRGRHK2 Ltd, the Group intends to bid at the Tender for Sale Shares 2 of the Target Company. PRGRHK2 Ltd proposes to bid for approximately 18.000% equity interest in the Target Company held by Zhaoyuan Gold at a maximum tender price of RMB18,900,000, being the Zhaojin Transfer Consideration.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As the maximum applicable percentage ratios for the Acquisition are higher than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement.

GENERAL

As Zhaoyuan Gold is a wholly state-owned enterprise in the PRC, the equity interests in the Target Company held by it are state-owned assets. According to relevant provisions on the administration of state-owned assets such as the Enterprise State-owned Asset Law of the People's Republic of China and the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises, unless otherwise stipulated by laws and regulations, the transfers of state-owned assets shall be conducted publicly at the property rights exchanges set up by law. Accordingly, PRGRHK2 Ltd will acquire the Sale Shares 2 of the Target Company through the Tender.

The Acquisition may or may not proceed as completion is subject to, among other things, the fulfillment or waiver of the conditions precedent (as further described in the section headed "THE SHARE PURCHASE AND CAPITAL INCREASE AGREEMENT" in this announcement). Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement in respect of the Acquisition as and when appropriate in accordance with the Listing Rules.

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THE SHARE PURCHASE AND CAPITAL INCREASE AGREEMENT

The principal terms of the Share Purchase and Capital Increase Agreement are summarised as follows:

Date: 25 November 2024

Parties:

- (1) PRGRHK2 Ltd;
- (2) MYG;
- (3) the Existing Shareholders (namely Yihui Investment and Zhaoyuan Gold);
- (4) Mr. Lin;
- (5) Ms Suen; and
- (6) The Target Company.

Acquisition of equity interest under the Share Purchase: The Sale Shares will be acquired by PRGRHK2 Ltd and MYG in the following manner:

- (i) PRGRHK2 Ltd agreed to purchase, and Yihui Investment agreed to sell, an aggregate of 4.104% of the total equity interest of the Target Company;
- (ii) Zhaoyuan Gold agreed to apply to the Property Rights Exchange for the transfer of an aggregate of 18.000% total equity interest held by it as agreed in the Share Purchase and Capital Increase Agreement and in accordance with the relevant provisions on the transfer of state-owned property rights, and PRGRHK2 Ltd shall be the transferee of Sale Shares 2; and
- (iii) MYG agreed to purchase, and Yihui Investment agreed to sell, an aggregate of 5.896% of the total equity interest of the Target Company.

Share Purchase
Consideration:

The Share Purchase Consideration is RMB29,400,000, which will be satisfied by:

- (i) PRGRHK2 Ltd paying Yihui Investment in the amount of RMB4,309,200 upon Share Purchase Completion;
- (ii) MYG paying Yihui Investment RMB6,190,800 upon Share Purchase Completion; and
- (iii) in respect of the Zhaojin Equity Transfer, PRGRHK2 Ltd will bid at the Tender at the maximum bidding price of RMB18,900,000.

For the avoidance of doubt, on the premise that PRGRHK2 Ltd and MYG will acquire 28% equity interests of the Target Company in aggregate through Share Purchase, the Yihui Equity Transfer and the Zhaojin Equity Transfer shall be conducted separately.

Payment terms of the Yihui
Transfer Consideration

PRGRHK2 Ltd and MYG shall pay the corresponding Yihui Transfer Consideration to the account and details of Yihui Investment set out in the notice within 10 Business Days after receiving the notice of payment of the Yihui Transfer Consideration and the relevant supporting documents as agreed in the Share Purchase and Capital Increase Agreement in which the conditions precedent for the payment of Share Purchase Consideration are satisfied, and the original documents are confirmed to be correct (applicable in the circumstance where the supporting documents are scanned copies or originals) by PRGRHK2 Ltd and MYG, or be waived in writing by PRGRHK2 Ltd and MYG.

The payment of the corresponding Yihui Transfer Consideration by PRGRHK2 Ltd and MYG to the account specified in the above payment notice shall be deemed to be the performance by PRGRHK2 Ltd and MYG of their obligations to pay the Yihui Transfer Consideration under the Share Purchase and Capital Increase Agreement on the date of payment.

Payment terms of the Zhaojin Transfer Consideration: PRGRHK2 Ltd shall pay the Zhaojin Transfer Consideration according to the payment arrangement as agreed in the Equity Transfer Agreement entered into with Zhaoyuan Gold. If PRGRHK2 Ltd has paid the deposit for the transaction upon the registration of its intention to accept the transfer, the deposit for the transaction can be converted into consideration for the transaction under the Equity Transfer Agreement.

The payment of corresponding consideration for the transaction by PRGRHK2 Ltd to the designated account as agreed in the Equity Transfer Agreement entered into with Zhaoyuan Gold shall be deemed to be the performance by PRGRHK2 Ltd of its obligation to pay the Zhaojin Transfer Consideration under this agreement on the date of payment.

Conditions precedent of the Yihui Equity Transfer: The payment of Yihui Transfer Consideration is subject to satisfaction or waiver of the following conditions within three (3) months from the date of the Share Purchase and Capital Increase Agreement:

- (i) PRGRHK2 Ltd and MYG have completed the legal and financial due diligence on the Target Company and are satisfied with the results;
- (ii) each of the Existing Shareholders' respective decision-making bodies has, according to their internal procedures, made a resolution consenting to the signing of the Share Purchase and Capital Increase Agreement and the related documents, the implementation of the Share Purchase and the waiver of the pre-emptive right for the Capital Increase;
- (iii) the decision-making bodies of each of PRGRHK2 Ltd and MYG have, according to their internal procedures, made a resolution consenting to the signing of the Share Purchase and Capital Increase Agreement and the related documents, the implementation of the Share Purchase and the Capital Increase;

- (iv) the Share Purchase and Capital Increase Agreement and the transactions contemplated thereunder comply with the relevant requirements of the Listing Rules, including but not limited to filing with the Stock Exchange and publication of announcements;
- (v) the Existing Shareholders of the Target Company have made resolutions consenting to and approval of the followings: the transactions contemplated under the Share Purchase and Capital Increase Agreement, the signing, execution and performance of all documents relating to the Share Purchase and Capital Increase Agreement and the Acquisition, the amended articles of association or amendments to articles of association of the Target Company, and the reconstitution of the board of directors of the Target Company which comprises seven (7) directors with the appointment of four (4) nominees of PRGRHK2 Ltd and MYG to the board of the Target Company;
- (vi) the Parties have completed the filing procedures for foreign investment with the National Development and Reform Commission in relation to the Acquisition;
- (vii) the Target Company has completed the formalities for the industrial and commercial changes of the Yihui Equity Transfer, the filing of the amended articles of association (or amendments to articles of association) and the newly appointed members of the board at the local market supervision and management department, and has obtained the renewed business licence of the Target Company for Yihui Equity Transfer;
- (viii) the Target Company has completed the foreign exchange registration procedures with the local foreign exchange authority or its authorised bank in respect of the Yihui Equity Transfer;
- (ix) Yihui Investment has opened a bank account that can legally receive payment for the Share Purchase Consideration in foreign currency from the transferees;

- (x) the Target Company has performed its notification obligations to the creditors in respect of this transaction according to the requirements of the loan or guarantee contracts and obtained the confirmation of no objection from the creditors;
- (xi) Yihui Investment has cleared the external guarantees and corporate borrowings according to the requests by PRGRHK2 Ltd and MYG;
- (xii) the Share Purchase and Capital Increase Agreement has been duly executed by the parties and delivered to each of PRGRHK2 Ltd and MYG;
- (xiii) the amended articles of association have been duly executed by the Existing Shareholders and the Target Company and delivered to each of PRGRHK2 Ltd and MYG;
- (xiv) the register of members and the certificate of contribution have been duly executed and delivered to each of PRGRHK2 Ltd and MYG;
- (xv) there are no applicable laws and regulations restricting, prohibiting or invalidating the Yihui Equity Transfer; nor are there any judgments, awards, rulings, decisions, orders and injunctions (of a court, arbitration body or relevant governmental authority) restricting, prohibiting or invalidating the Yihui Equity Transfer;
- (xvi) the Existing Shareholders and the Target Company have fulfilled the undertakings as stipulated in the Share Purchase and Capital Increase Agreement and the other related transaction documents, which are due to be fulfilled prior to the payment by PRGRHK2 Ltd and MYG, and there has not been any breach of the representations, statements, warranties, undertakings and covenants given by them under the Share Purchase and Capital Increase Agreement and the other related transaction documents, nor any event, circumstance, fact and situation which may result in the Target Company and each of PRGRHK2 Ltd and MYG breaching its representations, statements, warranties, undertakings and covenants under the Share Purchase and Capital Increase Agreement and the other related transaction documents, except where such breaches would not have a material adverse effect on the Yihui Equity Transfer;

- (xvii) during the Transition Period 1, there were no material adverse changes in the operations, assets, business and financial condition of the Target Company, nor events that would have led to the aforementioned material adverse changes; at the same time, there were no changes in owners' equity such as dividends, distributions, capitalisation of capital surplus nor other matters that are beyond the normal scope of operations of the Target Company; and
- (xviii) the representations and warranties made in the Share Purchase and Capital Increase Agreement by each of the Existing Shareholders, the Target Company, Mr. Lin and Ms. Suen from the date of execution of such agreement until Share Purchase Payment Date 1 shall remain true, accurate and complete and no material omissions or misleading exist.

Conditions precedent of the Zhaojin Equity Transfer:

The obligation of PRGRHK2 Ltd to submit to the Property Rights Exchange an application for the purchase of the property rights of the Zhaojin Equity Transfer and the Zhaojin Transfer Consideration is subject to the satisfaction of the following conditions precedent:

- (i) the conditions precedent (i) to (xiv) (other than conditions (vii), (viii) and (ix)) of the above conditions precedent of the Yihui Equity Transfer have been satisfied or waived on or before the date on which Zhaoyuan Gold submits the application for the purchase of the property rights of Sale Shares 2 to the Property Rights Exchange (the “**Submission Date of Application for Acceptance**”);
- (ii) Zhaoyuan Gold has obtained approval/filing documents related to the transfer of Sale Shares 2 issued by the state-owned assets supervision and administration departments;
- (iii) Zhaoyuan Gold and the Target Company have duly signed and delivered to PRGRHK2 Ltd the amended articles of association or amendments to the articles of association as amended in accordance with the Zhaojin Equity Transfer;

- (iv) Zhaoyuan Gold has submitted the application for property rights transfer and tender announcement to the property rights exchange for the Zhaojin Equity Transfer, and the main contents of the tender announcement have been confirmed in writing by PRGRHK2 Ltd;
- (v) there are no applicable laws and regulations restricting, prohibiting or invalidating the Zhaojin Equity Transfer; nor are there any judgments, awards, rulings, decisions, orders and injunctions (of a court, arbitration body or relevant governmental authority) restricting, prohibiting or invalidating the Zhaojin Equity Transfer;
- (vi) PRGRHK2 Ltd and the Target Company have fulfilled the undertakings as stipulated in the Share Purchase and Capital Increase Agreement and the other related transaction documents, which are due to be fulfilled, and there has not been any breach of the representations, statements, warranties, undertakings and covenants given by them under the Share Purchase and Capital Increase Agreement and the other related transaction documents, nor any event, circumstance, fact and situation which may result in the Target Company and PRGRHK2 Ltd breaching its representations, statements, warranties, undertakings and covenants under the Share Purchase and Capital Increase Agreement and the other related transaction documents, except where such breaches would not have a material adverse effect on the Zhaojin Equity Transfer;
- (vii) during the Transition Period 2 and until Submission Date of Application for Acceptance, there were no material adverse changes in the operations, assets, business and financial condition of the Target Company, nor any events that would have led to the aforementioned material adverse changes; at the same time, there were no changes in owners' equity such as dividends, distributions, capitalisation of capital surplus and/or other matters that are beyond the normal scope of operations of the Target Company; and

(viii) the representations and warranties made in the Share Purchase and Capital Increase Agreement by each of the Existing Shareholders, the Target Company, Mr. Lin and Ms. Suen from the date of execution of such agreement until Purchase Payment Date 2 and Submission Date of Application for Acceptance shall remain true, accurate and complete and no material omissions or misleading exist.

The Share Purchase
Completion:

The completion of the payment of the Yihui Transfer Consideration by PRGRHK2 Ltd and MYG according to the Share Purchase and Capital Increase Agreement and the completion of procedures for industrial and commercial changes in respect of the Zhaojin Equity Transfer according to the Equity Transfer Agreement shall be deemed to have completed the Share Purchase.

Capital Increase:

Upon Share Purchase Completion, the total registered capital of the Target Company will be increased from RMB53.0 million to RMB79.5 million. The additional capital of RMB26.5 million will be fully contributed by PRGRHK2 Ltd and MYG in the following manner, and Yihui Investment and Zhaoyuan Gold will waive the right to subscribe for the Capital Increase:

- (i) PRGRHK2 Ltd agreed to contribute a total of RMB41,446,274.63 (or USD equivalent) to the Target Company, among which RMB20,920,425.00 will be credited as registered share capital of the Target Company, representing 18.947% of the total equity interest of the Target Company upon completion of the Share Purchase and the Capital Increase. The remaining sum will be credited into the capital reserve of the Target Company; and
- (ii) MYG agreed to contribute a total of RMB11,053,725.38 (or USD equivalent) to the Target Company, among which RMB5,579,575 will be credited as registered share capital of the Target Company, representing 5.053% of the total equity interest of the Target Company upon completion of the Share Purchase and the Capital Increase. The remaining sum will be credited into the capital reserve of the Target Company.

Immediately upon the Capital Increase Completion (and Share Purchase Completion), (i) PRGRHK2 Ltd will hold an equity interest of 41.051% in the Target Company; and (ii) MYG will hold an equity interest of 10.949% in the Target Company. The equity interest of Yihui Investment and Zhaoyuan Gold in the Target Company will be reduced from 70.000% to approximately 40.000% and from 30.000% to 8.000% respectively on an enlarged share capital basis.

Capital Increase
Consideration and
payment terms:

The Capital Increase Consideration is RMB52,500,000, which will be paid by PRGRHK2 Ltd and MYG to the Target Company upon Share Purchase Completion, in the following manner:

- (i) the Target Company shall submit to each of PRGRHK2 Ltd and MYG the following supporting documents, stating that the Conditions for the payment of Capital Increase Consideration have been satisfied or waived, including:
 - (a) the documents certifying that the Target Company has completed the formalities for industrial and commercial changes in respect of Capital Increase and the industrial and commercial filing of the amended articles of association;
 - (b) the updated register of members and certificate of contribution in respect of Capital Increase duly signed by the Target Company;
 - (c) the notices of payment, stamped by the Target Company and containing specific payment details and information of the receiving account, informing both PRGRHK2 Ltd and MYG that they can proceed with the payment of the Capital Increase Consideration; and
- (ii) each of PRGRHK2 Ltd and MYG shall pay the corresponding Capital Increase Consideration within ten (10) Business Days from the date of receipt of the relevant supporting documents and the notices of payment under (i) above to the collection account of the Target Company as set out in the above notices of payment.

Conditions for the payment of Capital Increase Consideration:

The payment of Capital Increase Consideration is subject to satisfaction or waiver of the following conditions:

- (i) the conditions for the payment of Share Purchase Consideration are in a continuous state of fulfillment or have been waived as at the Capital Increase Payment Date;
- (ii) the Target Company has completed the registration of industrial and commercial changes of Capital Increase with local market supervision and administration department based on the shareholding structure after Share Purchase Completion;
- (iii) the articles or the amendment to the articles amended pursuant to Capital Increase having been duly executed by the Existing Shareholders and the Target Company and delivered to each of PRGRHK2 Ltd and MYG , and completed the filing of the industrial and commercial changes; and
- (iv) the register of members that was updated according to Capital Increase and the certificate of contribution were duly executed and delivered to each of PRGRHK2 Ltd and MYG.

The Capital Increase Completion:

Upon the satisfaction of relevant conditions precedent under the Share Purchase and Capital Increase Agreement, the Capital Increase Completion shall take place on the date of fulfilment of the payment obligations of the Capital Increase Consideration by PRGRHK2 Ltd and MYG pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement, and in any event, not later than the 10th Business Day after the day on which the notices of payment and relevant supporting documents in relation to the payment of Capital Increase Consideration are received by PRGRHK2 Ltd and MYG.

Termination:

The Share Purchase and Capital Increase Agreement may be terminated upon the occurrence of any of the following events:

- (i) the Share Purchase and Capital Increase Agreement has been unanimously agreed to terminate in writing by the Parties;

- (ii) if the conditions precedent of Yihui Equity Transfer becomes unfeasible and have not been waived (apart from cases caused by PRGRHK2 Ltd and/or MYG) on or before the expiration date of three (3) months from the date of signing of the Share Purchase and Capital Increase Agreement (or other date as the Parties may agree in writing), PRGRHK2 Ltd and MYG shall have the right to terminate the Share Purchase and Capital Increase Agreement by written notice, and require Yihui Investment to pay liquidated damages according to the terms of the Share Purchase and Capital Increase Agreement;
- (iii) If (1) the conditions precedent to the Share Purchase and Capital Increase Agreement for the Zhaojin Equity Transfer have become unfulfilled and not been waived on or before the expiry of the third month from the date of signing of the Share Purchase and Capital Increase Agreement (or such other date as may be agreed by the Parties in writing) (apart from cases caused by PRGRHK2 Ltd), or (2) the consideration for the Zhaojin Equity Transfer has been paid by PRGRHK2 Ltd in full and on time in accordance with the terms of the Equity Transfer Agreement entered into, in the event that the industrial and commercial changes of the Zhaojin Equity Transfer is not completed on or before the expiry of the fourth month from the date of signing of the Share Purchase and Capital Increase Agreement due to reasons on part of Zhaoyuan Gold (subject to the issuance of the notice of approval of change (filing)), PRGRHK2 Ltd shall have the right to terminate the Agreement by way of written notice, discharge the Equity Transfer Agreement and demand Zhaoyuan Gold to pay liquidated damages in accordance with the terms of the Share Purchase and Capital Increase Agreement;
- (iv) As for the Zhaojin Equity Transfer, in the event that PRGRHK2 Ltd has paid the transaction security deposit, PRGRHK2 Ltd shall have the right to choose not to participate in the bidding transaction and terminate the Agreement by way of written notice if there is an intended purchaser who meets the eligibility criteria for the transfer other than PRGRHK2 Ltd.

- (v) in the event that PRGRHK2 Ltd and MYG have performed their obligations as agreed in the Share Purchase and Capital Increase Agreement, if for reasons from Yihui Investment and/or Zhaoyuan Gold that lead to (1) the failure to acquire an aggregate of 28% equity interests in the Target Company through the Yihui Equity Transfer and the Zhaojin Equity Transfer, respectively, on the day or upon the expiry of the fourth month from the date of the signing of the Share Purchase and Capital Increase Agreement (subject to the issuance of a notice of approval of change of filing from the market supervision and regulatory authorities, except for cases caused by PRGRHK2 Ltd and/or MYG); or (2) PRGRHK2 Ltd and/or MYG failing to acquire an aggregate of 52.000% equity interests in the Target Company on or before the expiry of the fifth month from the signing date of the Share Purchase and Capital Increase Agreement (subject to the issuance of a notice of approval of filing (change of filing) from the market supervision and regulatory authorities, apart from cases caused by PRGRHK2 Ltd and/or MYG), PRGRHK2 Ltd and MYG shall have the right to terminate the Share Purchase and Capital Increase Agreement by way of written notice and demand Yihui Investment and/or Zhaoyuan Gold to pay liquidated damages in accordance with the Share Purchase and Capital Increase Agreement.
- (vi) pursuant to the terms and conditions as contemplated under the Share Purchase and Capital Increase Agreement, if PRGRHK2 Ltd and/or MYG are unable to pay in full and on time their corresponding portions of the Share Purchase Consideration due to reasons not related to the Existing Shareholders, such transferee shall pay the overdue liquidated damages. If PRGRHK2 Ltd and/or MYG is overdue for payment for more than thirty (30) days, Existing Shareholders receiving payment shall have the right to terminate the Share Purchase and Capital Increase Agreement by written notice, except for late payments due to the Existing Shareholders.

Upon the termination of the Share Purchase and Capital Increase Agreement, Yihui Investment and Zhaoyuan Gold shall refund all the amounts paid to PRGRHK2 Ltd and/or MYG upon their request within five (5) Business Days after the termination of the Agreement, including but not limited to the transaction security deposit and/or the entire equity interest transfer consideration (for the avoidance of doubt, the amount will not be counted twice if PRGRHK2 Ltd deducts the equity interests transfer consideration through the transaction security deposit), and bank deposit interests for the same period shall be accrued from the date on which Yihui Investment and/or Zhaoyuan Gold paid the relevant amount until the date when such payments are refunded in full.

Upon Completion, the Company will indirectly hold approximately 52.0% of the equity interest of the Target Company and become its controlling shareholder. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

BASIS OF THE CONSIDERATION

The total amount of the Consideration is RMB81,900,000, which comprises (1) RMB29,400,000 for the Share Purchase; and (2) RMB52,500,000 for the Capital Increase.

The amount of the Consideration was determined based on PRGRHK2 Ltd and MYG's due diligence on the Target Company, and on the basis of normal commercial terms and arm's length negotiations between the Parties, as well as taking into account of the valuation of the Target Company and Capital Increase Consideration at approximately RMB105,000,000 million, mainly represented by the fair market value of the 52.000% interest of the Target Company as at the Valuation Date of the Valuation (as further described below).

The Company has hired the Valuer to provide a valuation of the fair value of the 100.000% equity interest in the Target Company as at the Valuation Date. Pursuant to the Valuation Report issued by the Valuer, the following principal factors have been considered:

- (a) the economic outlook for the region operated by the Target Company and specific competitive environments affecting the industry;
- (b) the business risks of the Target Company;
- (c) the comparable companies that are engaged in business operations similar to the Target Company;
- (d) the experience of the management team of the Target Company and the support from its shareholders; and
- (e) the legal and regulatory issues of the industry in general.

Valuation Assumptions:

The key assumptions adopted in the Valuation Report include:

(a) General assumptions:

- (i) there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;
- (ii) there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values. Further, there is no responsibility for changes in market conditions after the Valuation Date;
- (iii) the Target Company operates continuously as a going concern;
- (iv) there is no material change to the national macro-economic, industrial and regulation development policies;
- (v) the management of the Target Company is responsible and stable, and is capable of its undertakings after the Valuation Date;
- (vi) the Target Company fully comply with all relevant laws and regulations; and
- (vii) there is no force majeure which has material adverse effects on the Target Company.

(b) Specific assumption:

- The Target Company shall maintain the same business scope and operation method based on the existing management method and management levels after the Valuation Date.

(c) Quantitative assumptions (based on the SRK Report):

- (i) A life of mine of approximately 10 years has been assumed for the DGZ Mine;
- (ii) Total mill throughput of 1,306 kt from 2H2024 to 2033 for the DGZ Mine;
- (iii) Average gold feed grade of 3.83 g/t from 2H2024 to 2033 for the DGZ Mine;
- (iv) Gold recovery rate of 90.4% for the DGZ Mine;
- (v) Total gold production of approximately 4,203 kg from 2H2024 to 2033 for the DGZ mine; and

- (vi) Total sustaining capital expenditure of RMB135.6 million from 2H2024 to 2033 for the DGZ mine.

Valuation Approach

There are three generally accepted approaches to appraise the fair value of the equity value of the Target Company, namely income approach, cost approach and market approach. All three of them have been considered regarding the valuation of the Target Company. Pursuant to the Valuation Report, regarding the fair value of the equity value of the Target Company, the Valuer applied the income approach due to the following reasons:

- (a) cost Approach is not appropriate for the Valuation as it assumes the assets and liabilities of the Target Company are separable and can be sold separately. This methodology is more suitable for industries where assets are either separably sold, like individual properties in property development, or highly liquid, as securities are in financial institutions. Thus, cost approach is not adopted in the Valuation;
- (b) Market approach is not inappropriate as mining asset often consists of a number of unique characteristics that make direct comparisons complicated. Such characteristics include, but are not limited to quality and quantity of each mineral, mining and processing systems and costs, production quantities and products, and location and schedule of mining. Since improper assumptions will impose significant impact on the fair value, market approach is not adopted in the valuation.
- (c) Income approach is considered to be the appropriate valuation approach in the valuation for valuing the ore reserves estimated for the mining assets, as it takes the future growth potential and the specific issues of the mining assets into consideration. Under the income approach, the Discounted Cash Flow (“**DCF**”) method was adopted.

Innovax Capital, the financial adviser of the Company, has reviewed the principal assumptions upon which the profit forecast was based and is satisfied that the profit forecast has been made by the Directors after due and careful enquiry. Ernst & Young, the reporting accountant of the Company, has reviewed the calculations for the profit forecast. The discounted future cash flows do not involve the adoption of accounting policies. Pursuant to Rules 14.60A and 14.61 of the Listing Rules, the letter from Ernst & Young and the report from Innovax Capital have been submitted to the Stock Exchange, and are included in Appendix I and Appendix II, respectively, to this announcement.

The experts who have given their opinion and advice included in this announcement have the following qualifications:

Name	Qualifications
Innovax Capital Limited	a corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Masterpiece Valuation Advisory Limited	an independent qualified valuer
SRK Consulting China Ltd	an independent mining and geological consultant

As at 25 November 2024, each of Innovax Capital, Ernst & Young, the Valuer and SRK does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group. Each of Innovax Capital, Ernst & Young, the Valuer and SRK has given and has not withdrawn its consent to the issue of this announcement with inclusion of all references to its name and opinions in the form and context in which they appear in this announcement.

Having considered the above factors, the Board confirms that the Valuation is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Group intends to satisfy the Consideration by a combination of internal resources and the net proceeds from the listing of the Company's shares on the main board of the Stock Exchange on 22 December 2023.

TENDER PROCESS AT PROPERTY RIGHTS EXCHANGE

A summary of the tender process at Property Rights Exchange is as follows:

- (i) The Property Rights Exchange releases the tender announcement on its official website specifying the major terms of the sale of the Sale Shares 2, such as the transfer floor price, the payment method of the Transfer Consideration, the conditions of the transfer, the eligibility criteria for the transferee, the amount of security deposit and the payment deadline. The time of announcement shall be not less than 20 business days from the day after the announcement is published on the website of the Property Rights Exchange. The interested transferee shall submit an application for the bidding of the Sale Shares 2 and register the bidding with the Property Rights Exchange within the time of announcement.

- (ii) PRGRHK2 Ltd will submit the bidding application to the Property Rights Exchange to bid for the Sale Shares 2. If the terms of the tender announcement related to the Zhaojin Equity require the payment of the deposit for the transaction, PRGRHK2 Ltd shall pay such deposit at an account designated by Property Rights Exchange upon receipt of the confirmation letter of the eligibility for the transfer according to the requests of the announcement. The deposit for the transaction is refundable and normally does not exceed 30% of the transfer floor price as stated in the announcement.
- (iii) After PRGRHK2 Ltd has submitted the bidding application and paid the transaction security deposit, if only PRGRHK2 Ltd meets the eligibility criteria for the transfer at the end of the announcement period, the Property Rights Exchange shall arrange the signing of the agreement. If two or more transferees meet the eligibility criteria for the transfer, the Property Rights Exchange shall conduct a public tender according to the bidding method of the tender announcement to determine the final transferee, and PRGRHK2 Ltd can choose whether to participate in the bidding or not.
- (iv) Upon Property Rights Exchange confirming that PRGRHK2 Ltd is the ultimate transferee and issuance of the confirmation notice, PRGRHK2 Ltd will enter into the Equity Transfer Agreement with Zhaoyuan Gold within the period stipulated in the tender announcement. The Company will perform its information disclosure obligations in a timely manner should there be any progress on relevant matters.

The Zhaojin Transfer Consideration for the Zhaojin Equity Transfer shall be paid through the following manner:

- (i) the deposit for the transaction can be converted into part of the Zhaojin Transfer Consideration by PRGRHK2 Ltd at its option; and
- (ii) the remaining balance of the Zhaojin Transfer Consideration will be paid in a lump sum within the period prescribed by the Equity Transfer Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE PURCHASE AND CAPITAL INCREASE AGREEMENT AND THE ACQUISITION

The Acquisition to control the Muping 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 DGZ Mine of the Muping Project had Probable Mineral Reserve of approximately 5,000 kg of gold as at 30 June 2024, representing approximately 19.2% of the Group's Probable Mineral Reserve of gold as at 31 December 2023. 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.

The shafts, sub-shafts and ventilation shafts of Section 1 and Section 2 of the DGZ Mine has been well developed to facilitate the necessary mining activities. The shafts, sub-shafts and ventilation shafts for Section 3 of DGZ Mine is still under development and is expected to be completed in 2028. Acquisitions of such infrastructures are expected to significantly save the Group's cost and time as compared to the development of a new mining asset. The mining infrastructure of the DGZ Mine is also available for further grade improvement and expansion to support the expanded mining capacity in the future.

Further, the Acquisition would result in the Group obtaining control in the Muping Project. As such, the Group would be able to align the investment return from the Muping Project with the Group's overall business strategies, including further expansion of production capacities, Mineral Resources or mining asset portfolio. The Group can also utilise and apply its proven technical and management experience in the Muping Project to minimise the investment risks associated with the Acquisition.

The Directors believe that the terms of the Share Purchase and Capital Increase Agreement are fair and reasonable and in the interests of the Shareholders as a whole. Based on the above, the Acquisition represents a valuable opportunity for the Group to acquire a high-quality gold asset and relevant infrastructure that are expected to generate considerable return to the Shareholders.

INFORMATION OF THE RELEVANT PARTIES

The Company

The Company is incorporated in Cayman Islands with limited liability and its controlling shareholder is Majestic Gold, a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares and listed on the TSX Venture Exchange (stock code: MJS.V). The Company principally engages in gold exploration, mining and processing. Majestic Gold is a mining company focused on the exploration, development, and operation of mining properties in China, Australia, and Canada.

PRGRHK2 Ltd

PRG Res HK 2 Limited is incorporated with limited liability in Hong Kong and it is an indirect wholly-owned subsidiary of the Company. PRGRHK2 Ltd is an investment holding company.

MYG

Majestic Yantai Gold Ltd. is incorporated in the British Virgin Islands with limited liability and it is a direct wholly-owned subsidiary of the Company. Majestic Yantai Gold Ltd. is an investment holding company.

The Existing Shareholders

(1) Yihui Investment

Yantai Yihui Investment Company Limited* (煙台熠暉投資有限公司), is incorporated in the PRC with limited liability. As at the date of this announcement, it is owned as to 66.997% by Mr. Lin, 28.713% by Ms. Suen, 2.860% by Jiang Ting (蔣婷), and 1.430% by Zhou Mude (周穆德). Yihui Investment principally engages in investing activities using internal resources.

(2) Zhaoyuan Gold

Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.* (山東招金集團招遠黃金冶煉有限公司), is incorporated in the PRC with limited liability. As at the date of this announcement, it is a direct wholly-owned subsidiary of Shandong Zhaojin Group Co., Ltd.* (山東招金集團有限公司). Shandong Zhaojin Group Co., Ltd.* (山東招金集團有限公司) is owned as to 90.000% by Zhaoyuan Municipal Finance Bureau* (招遠市財政局), and 10.000% by Shandong Caixin Asset Management Co., Ltd.* (山東省財欣資產運營有限公司). Shandong Caixin Asset Management Co., Ltd.* (山東省財欣資產運營有限公司) is a direct wholly-owned subsidiary of the Shandong Provincial Department of Finance* (山東省財政廳).

As at the date of this announcement, (i) Shandong Guoda, an indirect subsidiary of Shandong Zhaojin Group Co., Ltd.* (山東招金集團有限公司), is one of our major customers and five largest subcontractors; and (ii) Dongfang Gold, a wholly-owned subsidiary of Zhaoyuan Gold, one of the Shareholders, holding approximately 9.900% equity interest in the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Existing Shareholders, their respective controlling shareholder(s) and their ultimate beneficial owners are Independent Third Parties.

Mr. Lin

Mr. Lin Chuanwen (林傳文) is the controlling shareholder of Yihui Investment holding approximately 66.997% equity interest in Yihui Investment as at the date of this announcement, and he is an Independent Third Party.

Ms. Suen

Ms. Suen Yanyan (孫燕燕) is one of the current shareholders of Yihui Investment holding approximately 28.713% equity interest in Yihui Investment as at the date of this announcement, and she is an Independent Third Party.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. It is principally engaged in gold mining and processing, emergency rescue for mine accidents, preventive safety inspection, property leasing and investment with its own fund. The Target Company owns mining licenses of three gold mines located in Yantai city of the Shandong Province in the PRC, namely the DGZ Mine, the HH Mine and the CH Mine.

In January 2022, the Target Company was wholly acquired by Shandong Zhongjia. On 27 October 2022, the Target Company was owned as to 70.000% by Shandong Zhongjia and 30.000% by Zhaoyuan Gold. From 23 November 2022 to the date of this announcement, the Target Company is owned as to 70.000% by Yihui Investment and 30.000% by Zhaoyuan Gold.

Information of the Muping Project

The Company has engaged SRK to prepare a Competent Person's Report on the Mineral Resources and Mineral Reserves of the Muping Project. Such report is prepared in accordance with the requirements of Chapter 18 of the Listing Rules.

As of 30 June 2024, at a cut-off grade of 1.0 g/t Au, the Muping Project totally have a Mineral Resource basis of about 1.60 Mt of Indicated Mineral Resources with an average grade of 5.1 g/t Au, and about 2.30 Mt of Inferred Mineral Resources with an average grade of 4.5 g/t Au. Below table provides details of the Mineral Resources.

Mineral Resource Statement for Muping Project, as of 30 June 2024

Property	Category	Cut-off (g/t Au)	Tonnage (kt)	Au Grade (g/t)	Au Metal (kg)	Au Metal (koz)
DGZ Mine	Measured	1.0	–	–	–	–
	Indicated	1.0	1,000	6.0	6,100	200
	Inferred	1.0	1,700	4.8	8,000	260
CH Mine	Measured	1.0	–	–	–	–
	Indicated	1.0	300	4.3	1,300	41
	Inferred	1.0	570	3.9	2,200	71
HH Mine	Measured	1.0	–	–	–	–
	Indicated	1.0	270	2.6	690	22
	Inferred	1.0	76	2.3	170	5.5
Total	Measured	1.0	–	–	–	–
	Indicated	1.0	1,600	5.1	8,100	260
	Inferred	1.0	2,300	4.5	10,000	330

Notes:

1. All figures are rounded to the second significant digit to reflect the relative accuracy of the estimate.
2. Total may not add due to rounding discrepancies.
3. The conversion between troy ounce and gram used herein is 1 oz = 31.1035 g.

As at the date of this announcement, the DGZ Mine is in production while the CH Mine and the HH Mine are not in production. As of 30 June 2024, the DGZ Mine has 1.3 Mt of Probable Mineral Reserves with an average grade of 3.8 g/t Au, at a cut-off grade of 1.9 g/t Au, details are provided in the below table:

Mineral Reserve Statement for DGZ Mine, as of 30 June 2024

Property	Category	Cut-off (g/t Au)	Tonnage (kt)	Au Grade (g/t)	Au Metal (kg)	Au Metal (koz)
DGZ Mine	Proven	1.9	–	–	–	–
	Probable	1.9	1,300	3.8	5,000	161
	Total	1.9	1,300	3.8	5,000	161

Notes:

1. The figures are rounded to reflect the uncertainties in estimate.
2. Total may not add due to rounding discrepancies
3. The Mineral Reserves are included in the Mineral Resources. They should not be added to the Mineral Resources.

Relevant operational licences and permits

Pursuant to the SRK Report, the current two exploration licences owned by the Target Company were issued by the Department of Natural Resources of Shandong Province. The information pertaining to these two exploration licences are shown in the below tables:

Exploration Licence for DGZ Mine

Exploration licence number	T3700002008104010015583
Property name	Deep and peripheral area of DGZ Mine
Issued to	Target Company
Issued by	Department of Natural Resources of Shandong Province
Issue date	1 January 2023
Expiry date	31 December 2024
Area	3.35 square kilometres, exclusive of DGZ Mine's mining licence area

Exploration Licence for Wuzhaoshan-Heiniutai Property

Exploration licence number	T3700002008034010003855
Property name	Wuzhaoshan-Heiniutai Property
Issued to	Target Company
Issued by	Department of Natural Resources of Shandong Province
Issue date	26 December 2023
Expiry date	25 December 2028
Area	6.41 square kilometres, exclusive of HH Mine's mining licence area

Pursuant to the SRK Report, the current three mining licences owned by the Target Company were issued by the Department of Natural Resources of Shandong Province. The information pertaining to these three mining licences are shown in the below tables:

Mining Licence for DGZ Mine

Mining licence number	C3700002009114120043348
Mine name	DGZ Gold Mine
Issued to	Target Company
Issued by	Department of Natural Resources of Shandong Province
Issue date	18 July 2023
Expiry date	18 July 2038
Mining method	Underground Mining
Production capacity	165 thousand tonnes per annum
Area	3.0590 square kilometres
Mining depth	between 137.0 and -840.0 metres above sea level

Mining Licence for CH Mine

Mining licence number	C3700002008094120000994
Mine name	CH Mine
Issued to	Target Company
Issued by	Department of Natural Resources of Shandong Province
Issue date	19 February 2021
Expiry date	19 February 2031
Mining method	Underground Mining
Production capacity	60 thousand tonnes per annum
Area	1.2698 square kilometres
Mining depth	between 120.0 and -626.0 metres above sea level

Mining Licence for HH Mine

Mining licence number	C3700002011124210121312
Mine name	HH Mine
Issued to	Target Company
Issued by	Department of Natural Resources of Shandong Province
Issue date	31 October 2023
Expiry date	31 October 2029
Mining method	Underground Mining
Production capacity	60 thousand tonnes per annum
Area	0.4286 square kilometres
Mining depth	between 158.0 and -360.0 metres above sea level

Financial information of the Target Company

Set out below are the net profits (both before and after taxation) of the Target Company based on the consolidated management accounts of the Target Company prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), for the two financial years ended 31 December 2022 and 2023, and six months ended 30 June 2024:

	For the financial year ended		For the
	31 December		six months
	2022	2023	ended
	<i>RMB'000</i>	<i>RMB'000</i>	30 June
			2024
			<i>RMB'000</i>
Net loss before taxation	(47,607)	(37,841)	(11,039)
Net loss after taxation	(50,770)	(45,861)	(13,028)

As at 31 December 2023 and 30 June 2024, the net liability value of the Target Company was approximately RMB87,170 and RMB100,198, respectively, based on the consolidated management accounts of the Target Company prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”).

Shareholding Structure of the Target Company

The table below sets out the equity interest in the Target Company immediately before and after the completion of the Share Purchase and Capital Increase:

Name of shareholder	Approximate percentage of equity interest in the Target Company		
	Immediately before the completion of the Share Purchase and the Capital Increase	After Share Purchase Completion but before the Capital Increase Completion	Immediately after the Share Purchase Completion and the Capital Increase Completion
PRGRHK2 Ltd	0%	22.104%	41.051%
MYG	0%	5.896%	10.949%
Yihui Investment	70%	60%	40%
Zhaoyuan Gold	30%	12%	8%

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company, its respective controlling shareholder(s) and its ultimate beneficial owner are Independent Third Parties.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As the maximum applicable percentage ratios for the Acquisition are higher than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement.

GENERAL

As Zhaoyuan Gold is a wholly state-owned enterprise in the PRC, the equity interests in the Target Company held by it are state-owned assets. According to relevant provisions on the administration of state-owned assets such as the Enterprise State-owned Asset Law of the People's Republic of China and the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises, unless otherwise stipulated by laws and regulations, the transfers of state-owned assets shall be conducted publicly at the property rights exchanges set up by law. Accordingly, PRGRHK2 Ltd will acquire the Sale Shares 2 of the Target Company through the Tender.

The Acquisition may or may not proceed as completion is subject to, among other things, the fulfillment or waiver of the conditions precedent (as further described in the section headed “THE SHARE PURCHASE AND CAPITAL INCREASE AGREEMENT” in this announcement). Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement in respect of the Acquisition as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition (by way of Share Purchase and Capital Increase) of an aggregate of approximately 52.0% of the total equity interest of the Target Company as contemplated under the Share Purchase and Capital Increase Agreement;
“Equity Transfer Agreement”	the equity transfer agreement to be entered into by Zhaoyuan Gold and successful bidder of the Tender pursuant to the terms of the public tender of the Sale Shares 2 at the Property Rights Exchange;
“Au”	the chemical symbol for gold;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the PRC;
“Capital Increase Consideration”	the total consideration of RMB52,500,000 for the Capital Increase as contemplated under the Share Purchase and Capital Increase Agreement;

“Capital Increase”	the capital injection in the sum of RMB26,500,000 (representing approximately 24.000% of the total equity interest of the Target Company) by the Company and MYG into the Target Company, as contemplated under the Share Purchase and Capital Increase Agreement;
“Capital Increase Completion”	the completion of the Capital Increase pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement;
“Capital Increase Payment Date”	the date when the payment of Capital Increase Consideration is completed pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement;
“CH Mine”	Chahe Underground Gold Mine* (煙台市牟金礦業有限公司岔河礦區);
“Company”	Persistence Resources Group Ltd, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“Competent Person” or “SRK”	has the same meaning ascribed thereto under Rule 18.01 of the Listing Rules and, in the context of this announcement, means SRK Consulting China Ltd, an independent mining and geological consultant, which is an Independent Third Party;
“Completion”	completion of the Acquisition;
“Consideration”	the total consideration of RMB81,900,000 for the Acquisition, consisting of Share Purchase Consideration and Capital Increase Consideration;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Dahedong”	Yantai City Dahedong Mineral Processing Co. Ltd.* (煙台市大河東選礦有限公司), a company incorporated in the PRC with limited liability, a minority shareholder of Yantai Zhongjia which held 25.000% of the entire equity interest in Yantai Zhongjia, and is a connected person of the Company;
“DGZ Mine”	Denggezhuang Underground Gold Mine* (煙台市牟金礦業有限公司鄧格莊金礦區);
“Director(s)”	the director(s) of the Company;

“Dongfang Gold”	Dongfang Gold Industry (Hong Kong) Limited, a company incorporated with limited liability in Hong Kong, a wholly-owned subsidiary of Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd. * (山東招金集團招遠黃金冶煉有限公司) and one of the Shareholders, holding approximately 9.90% equity interest in the Company as at the date of this announcement;
“Enlarged Group”	the Group and the Target Company;
“Existing Shareholders”	the existing shareholders of the Target Company immediately before the Share Purchase and Capital Increase Agreement was entered into, i.e. Yihui Investment and Zhaoyuan Gold;
“Financial Benchmark Date”	30 June 2024;
“Group”	the Company and its subsidiaries;
“g/t”	gram(s) per tonne;
“HH Mine”	Houzhuang-Heiniutai Underground Gold Mine* (煙台市牟金礦業有限公司後莊—黑牛台金礦區);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected person(s) (as defined in the Hong Kong Listing Rules);
“Indicated Mineral Resource(s)”	that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit;
“Inferred Mineral Resources”	that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity;

“Innovax Capital”	Innovax Capital Limited, a corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed as the financial adviser of the Company;
“kg”	kilogram(s);
“koz”	thousand troy ounces, a unit of weight;
“kt”	thousand tonnes, a metric unit of weight, being equivalent to 1.0 million kg;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time;
“Majestic Gold”	Majestic Gold Corp., a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares and listed on the TSX Venture Exchange (stock code: MJS.V), the controlling shareholder of the Company;
“Measured Mineral Resource(s)”	that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit;
“Mineral Reserve(s) ”	the economically mineable part of a Measured Mineral Resource and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Furthermore, Mineral Reserves are those portions of Mineral Resources that, after the application of all modifying factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a technically and economically viable project, after taking account of material relevant modifying factors. Mineral Reserves are subdivided into proven and probable categories;

“Mineral Resource(s)”	a concentration or occurrence of material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling;
“Mr. Lin”	Lin Chuanwen (林傳文), the controlling shareholder of Yihui Investment, holding approximately 66.997% equity interest in Yihui Investment as at the date of this announcement;
“Ms. Suen”	Suen Yanyan (孫燕燕), one of the current shareholders of Yihui Investment, holding approximately 28.713% equity interest in Yihui Investment as at the date of this announcement;
“Mt”	Million tonne(s), equivalent to 1,000,000 tonnes;
“Muping Project”	The Muping Gold Project in Yantai City, Shandong Province, PRC. Muping Gold Project is operated by the Target Company. The core properties or assets include DGZ Mine, CH Mine, HH Mine, and the Denggezhuang Processing Plant* (鄧格莊選礦廠);
“MYG”	Majestic Yantai Gold Ltd., a company incorporated with limited liability in British Virgin Islands, a direct wholly-owned subsidiary of the Company;
“Parties”	collectively, the parties to the Share Purchase and Capital Increase Agreement, comprising PRGRHK2 Ltd, MYG, the Existing Shareholders, Mr. Lin, Ms Suen and the Target Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“PRGRHK2 Ltd”	PRG Res HK 2 Limited, a company incorporated with limited liability in Hong Kong, an indirect wholly-owned subsidiary of the Company;

“Probable Mineral Reserve(s)”	the economically mineable part of an Indicated, and in some circumstances Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified;
“Property Rights Exchange”	SHANDONG PROPERTY RIGHT EXCHANGE CENTER (山東產權交易中心有限公司);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	Sale Shares 1 and Sale Shares 2, an aggregate of 28% of equity interest of the Target Company, representing RMB14,840,000 registered capital as at the date of this announcement;
“Sale Shares 1”	an aggregate of 10% of equity interest of the Target Company held by Yihui Investment, representing RMB5,300,000 registered capital as at the date of this announcement;
“Sale Shares 2”	an aggregate of 18% of equity interest of the Target Company held by Zhaoyuan Gold, representing RMB9,540,000 registered capital as at the date of this announcement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shandong Guoda”	a group of companies comprises Shandong Guoda Gold Co., Ltd* (山東國大黃金股份有限公司) and its wholly-owned subsidiaries, Yantai Guoda Precious Metal Smelting Co., Ltd* (煙台國大貴金屬冶煉有限公司) and Yantai Guoda Trading Co., Ltd.* (煙台國大貿易有限公司), all of which are established in the PRC in January 1999, October 2004 and April 2022, respectively. As at the date of this announcement, Shandong Guoda is one of our major customers and five largest subcontractors, and is an Independent Third Party;

“Shandong Zhongjia”	<p>Shandong Zhongjia Mining Group Co., Ltd.* (山東中嘉礦業集團有限公司) (formerly known as Shandong Zhongjia Mining Co., Ltd.* (山東中嘉礦業有限公司)), a company incorporated in the PRC with limited liability, and is a connected person of the Company.</p> <p>Shandong Zhongjia was owned as to (i) approximately 53.9% by Shandong Wenfenghe Investment Co., Ltd.* (山東文豐和投資有限公司), a company wholly-owned by Mr. Kong Fanzhong, (ii) approximately 23.100% by Yantai Xinshan Investment Co., Ltd.* (煙台鑫山投資有限公司), a company wholly-owned by Mr. Kong Fanbo, (iii) approximately 20.000% by Shandong Huimaosheng Investment Co., Ltd.* (山東輝茂晟投資有限公司), a company wholly-owned by Zou Honghai, an Independent Third Party, and (iv) approximately 3.000% by Zhaoyuan Gold. Mr. Kong Fanzhong is a former director of Yantai Zhongjia, a subsidiary of our Company and Mr. Kong Fanbo is major shareholder of Dahedong, a substantial shareholder of Yantai Zhongjia. Mr. Kong Fanzhong and Mr. Kong Fanbo are connected persons of the Company;</p>
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Shareholder Loan”	the loan to be advanced by the Company to PRGRHK2 Ltd and MYG to fund the Acquisition;
“Share Purchase”	the acquisition of Sale Shares by PRGRHK2 Ltd and MYG, as contemplated under the Share Purchase and Capital Increase Agreement, including Zhaojin Equity Transfer and Yihui Equity Transfer;
“Share Purchase and Capital Increase Agreement”	the equity transfer and capital increase agreement dated 25 November 2024 entered into among the Parties in relation to (1) the Share Purchase; and (2) the Capital Increase;
“Share Purchase Completion”	the completion of the Share Purchase pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement;
“Share Purchase Consideration”	the total consideration of RMB29,400,000 for the Share Purchase as contemplated under the Share Purchase and Capital Increase Agreement;

“Share Purchase Payment Date 1”	the date when the payment of consideration in respect of Sale Shares 1 is completed pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement;
“Share Purchase Payment Date 2”	the date when the payment of consideration in respect of Sale Shares 2 is completed pursuant to the terms and conditions of the Share Purchase and Capital Increase Agreement and Equity Transfer Agreement;
“SRK Report” or “Competent Person’s Report”	the Competent Person’s report prepared by SRK on the Mujing Project, the effective date of which is 30 June 2024;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Yantai City Mujin Mining Company Limited* (煙台市牟金礦業有限公司), a company incorporated in the PRC with limited liability, and is held as to approximately 70.000% by Yihui Investment and approximately 30.000% by Zhaoyuan Gold;
“Tender”	the public tender for the sale of the Sale Shares 2 at the Property Rights Exchange;
“Transition Period 1”	during the period commencing from Financial Benchmark Date until the Share Purchase Payment Date 1;
“Transition Period 2”	during the period commencing from Financial Benchmark Date until the Share Purchase Payment Date 2;
“USD”	US Dollar, the lawful currency of the United States of America;
“Valuation”	the valuation of the fair value of the 100% equity interest in the Target Company as at the Valuation Date;
“Valuation Date”	30 June 2024;
“Valuation Report”	the valuation report in respect of the fair value of the 100% equity interest in the Target Company as at the Valuation Date, which was issued by the Valuer;
“Valuer”	Masterpiece Valuation Advisory Limited, an independent qualified valuer in Hong Kong;

“Yantai Zhongjia”	Yantai Zhongjia Mining Co. Ltd.* (煙台中嘉礦業有限公司), a company incorporated in the PRC with limited liability, an indirect 75.000%-owned subsidiary of the Company, and the remaining 25.000% equity interest is owned by Dahedong;
“Yihui Investment”	Yantai Yihui Investment Company Limited* (煙台熠暉投資有限公司), a company incorporated in the PRC with limited liability, one of the Existing Shareholders;
“Yihui Equity Transfer”	acceptance of Sale Shares 1 by each of PRGRHK2 Ltd and MYG under the Share Purchase and Capital Increase Agreement at the Yihui Transfer Consideration;
“Yihui Transfer Consideration”	the total consideration for the Yihui Equity Transfer as contemplated under the Share Purchase and Capital Increase Agreement of RMB10,500,000, including RMB4,309,200 to be paid by PRGRHK2 Ltd to Yihui Investment and RMB6,190,800 to be paid by MYG to Yihui Investment;
“Zhaojin Equity Transfer”	acceptance of Sale Shares 2 by PRGRHK2 Ltd under the Share Purchase and Capital Increase Agreement at the Zhaojin Transfer Consideration if it is successful at the Tender;
“Zhaojin Transfer Consideration”	the total consideration for the Zhaojin Equity Transfer as contemplated under the Share Purchase and Capital Increase Agreement of RMB18,900,000;
“Zhaoyuan Gold”	Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.* (山東招金集團招遠黃金冶煉有限公司), a company incorporated in the PRC with limited liability, one of the Existing Shareholders; and
“%”	per cent.

By order of the Board
Persistence Resources Group Ltd
Shao Xuxin

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 November 2024

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

* For identification purposes only

Appendix I – Letter from Ernst & Young

The following is the text extracted from a report received from Ernst & Young, for the purpose of incorporation in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF YANTAI CITY MUJIN MINING COMPANY LIMITED

To the Directors of Persistence Resources Group Ltd

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 25 November 2024 prepared by Masterpiece Valuation Advisory Limited in respect of Yantai City Mujin Mining Company Limited (the “**Target Company**”) as at 30 June 2024 is based. The valuation is set out in the announcement of Persistence Resources Group Ltd (the “**Company**”) dated 25 November 2024 (the “**Announcement**”) in connection with the acquisition of the Target Company. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out on page 16 of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Company. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong

25 November 2024

Appendix II – Report from Innovax Capital



25 November 2024

The Board of Directors
Persistence Resources Group Ltd
Level 20, Infinitus Plaza,
199 Des Voeux Road Central,
Hong Kong

Dear Sirs,

We refer to the announcement of Persistence Resources Group Ltd (the “**Company**”) dated 25 November 2024 (the “**Announcement**”), in relation to the Company’s proposed transaction which involves the acquisition of 52.000% equity interest in Yantai City Mujin Mining Company Limited* (煙台市牟金礦業有限公司) (the “**Target Company**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

As disclosed in the Announcement, the Consideration was determined with reference to the fair market value of 100.000% equity interest in the Target Company as at 30 June 2024, appraised by Masterpiece Valuation Advisory Limited (the “**Valuer**”), details of which are contained in the valuation report dated 25 November 2024 prepared by the Valuer (the “**Valuation Report**”). We understand that the Valuation Report and certain other documents related to the Acquisition have been provided to you as the Directors in connection with your consideration of the Acquisition.

According to the Valuation Report, the fair market value of 100.000% equity interest in the Target Company has been primarily arrived at using the income approach based on discounted cash flows (the “**DCF Valuation**”). As such, the DCF Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, we have reviewed the forecast (the “**Forecast**”) of future cash flows involved in the DCF Valuation and have made enquiries with Directors and the management of the Company and the Valuer regarding the bases and assumptions upon which the Forecast has been prepared. We have also considered the letter from Ernst & Young, the Company’s reporting accountants, dated 25 November 2024 addressed to you, details of which are set out in Appendix I to the Announcement.

We have not independently verified the calculations that form the basis of the DCF Valuation prepared by the Valuer. The assessments, reviews, and discussions detailed in this letter are based on the financial, economic, market, and other conditions prevailing, as well as the information provided to us, as of the date of this letter. In forming our views, we have relied on information and materials supplied by the Company and the Valuer, along with the opinions and representations of the employees and/or management of the Company and the Valuer. We have assumed, without conducting an independent verification, that all such information, materials, and representations provided to us, including those contained or referred to in the Announcement, for which you as Directors are fully responsible, were true, accurate, complete, and not misleading in all material respects when provided, and have remained so as of the date of this letter. We have also assumed that no material information has been omitted or withheld. We make no representations or warranties, whether express or implied, as to the truth, accuracy, or completeness of the information, materials, opinions, and/or representations referred to or contained in the Announcement, and we do not accept any responsibility or liability in relation thereto. It is possible that circumstances may have changed, or could change in the future, which, if known to us at the time, might have affected our assessment and review.

It should be noted that the Forecast has been prepared based on a set of assumptions, including hypothetical assumptions regarding future events which may or may not occur. Accordingly, the Forecast may not be appropriate for any purposes other than deriving the DCF Valuation. Even if the events assumed under the hypothetical assumptions occur, actual financial performance may still differ from the Forecast, as such events may not occur exactly as anticipated, and the variation could be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the Forecast underlying the DCF Valuation, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,
For and on behalf of
Innovax Capital Limited
Richard Chu **Peter Ng**
Managing Director *Director*