PERSISTENCE GOLD GROUP LTD
集海黃金集團有限公司

(formerly known as Persistence Resources Group Ltd 集海資源集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2489

2026
INTERIM REPORT

CONTENTS

Corporate Information

CHINESE NAME OF THE COMPANY

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

ENGLISH NAME OF THE COMPANY

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

EXECUTIVE DIRECTORS

Dr. Shao Xuxin
(Chairman and Chief Executive Officer)
(resigned as Chairman but remained as Executive Director and Chief Executive Officer on 27 July 2026)
Mr. Mackie James Thomas
Mr. Chen Zhuping (appointed on 12 January 2026)
Dr. Malaihollo Jeffrey Francis A
(redesignated as Executive Director on 8 April 2026, and appointed as Chairman on 27 July 2026)

NON-EXECUTIVE DIRECTOR

Mr. Chen Libei (retired on 26 June 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Fan
Dr. Zeng Ming
Ms. Liu Li

COMPANY SECRETARY

Mr. Chu Hon Leung

AUTHORISED REPRESENTATIVES

Dr. Shao Xuxin
Mr. Chu Hon Leung

AUDIT COMMITTEE MEMBERS

Mr. Chan Ngai Fan
(Chairman of the Audit Committee)
Dr. Zeng Ming
Ms. Liu Li
(appointed on 8 April 2026)

REMUNERATION COMMITTEE MEMBERS

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

NOMINATION COMMITTEE MEMBERS

Dr. Shao Xuxin
(Chairman of the Nomination Committee)
(redesignated as a member of the Nomination Committee on 27 July 2026)
Dr. Malaihollo Jeffrey Francis A
(appointed as Chairman of the Nomination Committee on 27 July 2026)
Mr. Chan Ngai Fan
Dr. Zeng Ming
Ms. Liu Li
(appointed on 8 April 2026)

RISK MANAGEMENT COMMITTEE MEMBERS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE MEMBERS

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

Corporate Information

AUDITOR

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

HONG KONG LEGAL ADVISERS

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

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

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

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

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

COMPANY WEBSITE

http://www.persistencegold.com/

STOCK CODE

2489

Management Discussion and Analysis

I. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026 (THE "REPORTING PERIOD") OF PERSISTENCE GOLD GROUP LTD (THE "COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY THE "GROUP")

GOLD PRODUCTION

For the Reporting Period, the Group's total gold production volume (after smelting) was approximately 341.28 kg (or approximately 10,972.47 ounces), representing a decrease of approximately 23.5% as compared to the corresponding period of 2025. The decrease in gold production was primarily due to an accident occurred on 7 February 2026, at a mine in Zhaoyuan City (the "**Zhaoyuan accident**") that was not owned by the Group, leading to the shutdown of both Yantai Zhongjia Mining Co., Ltd. ("**Yantai Zhongjia**") and Yantai City Mujin Mining Company Limited ("**Yantai Mujin**"). The Songjiagou Open-Pit Mine and the Songjiagou Underground Mine of Yantai Zhongjia as well as the Denggezhuang Underground Mine of Yantai Mujin have resumed operation and production after passing the safety production inspection by the end of March 2026.

Since the resumption of mines production in April 2026, Yantai Emergency Management Bureau ("**EMB**") has continuously conducted routine safety production inspections. To strictly implement local safety supervision deployments, the Group has fully cooperated with the regulatory departments in safety reviews and production operation assessments. To thoroughly investigate and rectify safety hazards and solidify the main responsibility for safety production, in accordance with the mine rectification requirements of the EMB this year, the Group has dynamically adjusted its production and operation plans, organized Yantai Zhongjia and Yantai Mujin to conduct phased temporary shutdowns based on their own actual conditions, and carried out orderly self-inspection and rectification of hidden dangers in accordance with safety production standards and regulatory requirements. In June 2026, the EMB issued a formal emergency notice for investigation of five types of violations. The Group will fully cooperate to ensure mine safety.

All the aforesaid factors jointly led to the decrease in gold output in the Reporting Period compared to the corresponding period of 2025. Despite such temporary operational disruptions, the impact on revenue and profitability was mitigated by significantly higher realized gold prices.

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB352,295,000 (corresponding period of 2025: RMB303,493,000), representing an increase of approximately 16.1% as compared to the corresponding period of 2025. The increase was mainly due to a higher average selling price of approximately 47.6%, partially offset by the decrease in sales volume by 21.4%.

Management Discussion and Analysis

NET PROFIT

For the Reporting Period, the Group's net profit was approximately RMB100,473,000 (corresponding period of 2025: RMB85,501,000), representing an increase of approximately 17.5% as compared to the corresponding period of 2025. The increase in net profit was primarily due to (i) the increase in gross profit as a result of increase in revenue and decrease in cost of sales; (ii) increase in sales of sulfuric acid; and (iii) increase in interest income generated on the Group's cash and cash equivalent balances arising from the net proceeds of the share placing, partially offset by (i) the share-based payment associated with the share option granted to Directors and the senior management of the Company on 11 July 2025; (ii) increase in the suspension cost incurred by Yantai Zhongjia and Yantai Mujin; (iii) higher interest expenses on Yantai Mujin's bank loans; and (iv) higher travel expenses, consulting fees and other management expenses to support business operations and identify potential gold mine projects for acquisition by the Group.

EARNINGS PER SHARE

For the Reporting Period, the basic and diluted earnings per share attributable to ordinary equity holders of the parent amounted to approximately RMB3.32 cents, (basic and diluted earnings per share for the corresponding period of 2025: RMB3.14 cents), representing an increase of 5.7% as compared to the corresponding period of 2025.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION

For the six months ended 30 June 2026, the Group had not incurred any exploration and development expenditure. Cost of sales was directly attributable to the expenditure incurred on mining production activity. The amount of cost of sales was presented in the interim condensed consolidated statement of profit or loss and other comprehensive income on page 29 in this interim report.

INTERIM DIVIDEND

On 31 August 2026, the board of directors (the "**Directors**") of the Company (the "**Board**") declared an interim dividend of HK3.125 cents per ordinary share. The total payout for the interim dividend will amount to approximately HK$75,000,000. The aforesaid interim dividend will be paid on 5 October 2026 to the Shareholders whose names appear on the register of members of our Company at the close of business on 16 September 2026. For details, please refer to the interim results announcement of the Company dated 31 August 2026.

Management Discussion and Analysis

II. MARKET OVERVIEW

During the Reporting Period, gold prices experienced significant two-way volatility. The global gold spot price rose to a record high of approximately US$5,600 per ounce in late January 2026, before adjusting sharply to approximately US$4,000 per ounce by late June 2026. The average global gold spot price for the first half of 2026 was approximately US$4,600 per ounce.

The key turning point was the escalation of conflict in the Middle East between the United States and Iran. Although the conflict initially supported safe-haven demand, it also triggered a sharp rise in crude oil prices and inflation expectations. As a result, market expectations for U.S. interest rate cuts were reduced, while expectations of a more hawkish Federal Reserve increased. Higher real yields and a stronger U.S. Dollar increased the opportunity cost of holding gold and placed pressure on gold prices. In mid-June 2026, signs of de-escalation between the United States and Iran, together with expectations of the reopening of the Strait of Hormuz and lower oil prices, further reduced the geopolitical risk premium in gold and accelerated profit-taking.

Physical and official-sector demand remained supportive, particularly in Asia. The Shanghai gold price traded at a premium to the London price during parts of the sell-off, reflecting resilient domestic demand. The People's Bank of China continued to add to its gold reserves during the Reporting Period, while global central bank purchases remained an important structural support for the market. In China, the domestic gold spot price broadly followed the international trend, peaking at approximately RMB1,200 per gram in January 2026 before retreating to approximately RMB880 per gram by late June. The average domestic gold spot price was approximately RMB1,000 per gram in the first half of 2026.

Looking ahead, gold prices are expected to remain volatile. Geopolitical risks, U.S. monetary policy uncertainty, concerns over U.S. fiscal sustainability, U.S. Dollar movements and continued central bank demand are expected to remain key factors affecting the gold market.

III. BUSINESS REVIEW

In the first half of 2026, the gold production volume (after smelting) of the Group was approximately 341.28 kg (equivalent to approximately 10,972.47 ounces), representing a decrease of approximately 104.76 kg (equivalent to approximately 3,368.02 ounces) or 23.5% as compared with the corresponding period of 2025. The gold production decline was primarily due to the operational suspensions triggered by the Zhaoyuan accident in February 2026, which forced the Group's subsidiaries, Yantai Zhongjia and Yantai Mujin, to halt production until the end of March 2026. In addition, in response to intensified regional special safety supervision requirements, the Group adjusted its planned production schedule and implemented temporary production suspensions to carry out safety inspections and rectifications. These factors jointly contributed to the decline in gold output in the Reporting Period compared to the corresponding period of 2025.

Management Discussion and Analysis

Nevertheless, the Group's revenue increased by approximately 16.1% to approximately RMB352,295,000 (corresponding period of 2025: RMB303,493,000) as compared with the corresponding period of 2025. The net profit of the Group was approximately RMB100,473,000 (corresponding period of 2025: RMB85,501,000), representing an increase of approximately 17.5%. The basic and diluted earnings per share amounted to approximately RMB3.32 cents (corresponding period of 2025: RMB3.14 cents). Save as aforesaid, the cost of sales was directly attributable to the expenditure incurred on mining production activity. The amount of cost of sales was presented in the interim condensed consolidated statement of profit or loss and other comprehensive income on page 29 in this interim report.

IV. FINANCIAL ANALYSIS

REVENUE

For the Reporting Period, the Group's revenue was approximately RMB352,295,000 (corresponding period of 2025: RMB303,493,000), representing an increase of approximately 16.1% as compared to the corresponding period of 2025. The increase was mainly attributable to the increase in average selling price by 47.6%, partially offset by the decrease in sales volume by 21.4%.

COST OF SALES

For the Reporting Period, the Group's cost of sales was approximately RMB143,665,000 (corresponding period of 2025: RMB147,982,000), representing a decrease of approximately 2.9% as compared to the corresponding period of 2025. The decrease was mainly driven by lower sales volume and the reclassification of costs incurred during the period of suspended operations from cost of sales to other expenses. This decrease was partially offset by the increase in tailing processing fees, increase in drilling and excavator costs at Songjiagou Open-Pit Mine and higher resources tax.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the Reporting Period, the Group's gross profit was approximately RMB208,630,000 (corresponding period of 2025: RMB155,511,000), representing an increase in gross profit of approximately 34.2%. The increase in gross profit was primarily due to the increase in average selling price.

For the Reporting Period, the Group's gross profit margin was approximately 59.2% (corresponding period of 2025: 51.2%), representing an increase in gross profit margin of approximately 8 percentage points as compared to the corresponding period of 2025. The increase was mainly attributable to a higher average selling price together with the decrease in the cost of sales.

Management Discussion and Analysis

OTHER INCOME AND GAINS

For the Reporting Period, the Group's other income and gains were approximately RMB21,152,000 (corresponding period of 2025: RMB8,305,000), representing an increase of approximately 154.7% as compared to the corresponding period of 2025. The increase in other income and gains was mainly due to an increase in interest income generated on the Group's cash and cash equivalent balances arising from the net proceeds of the share placing, and an increase from the sales of sulfuric acid in gold concentrate generated during the smelting process.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses were approximately RMB41,591,000 during the Reporting Period (corresponding period of 2025: RMB31,514,000), representing an increase of approximately 32.0% as compared to the corresponding period of 2025. The increase of administrative expenses was mainly due to: i) an increase in the share-based payment associated with the share option granted to Directors and the senior management of the Company on 11 July 2025; ii) the increase in the six months administrative expenses of Yantai Mujin as only four months' administrative expenses were consolidated in the comparable period; and iii) higher travel expenses, consulting fees and other management expenses to support business operations and identify potential gold mine projects for our acquisition.

OTHER EXPENSES

For the Reporting Period, the Group's other expenses were approximately RMB16,473,000 (corresponding period of 2025: RMB633,000), representing an increase of approximately RMB15,840,000 as compared to the corresponding period of 2025. The increase was mainly attributable to the suspension cost incurred by Yantai Zhongjia and Yantai Mujin in connection with the Zhaoyuan accident.

FINANCE COSTS

For the Reporting Period, the Group's finance costs were approximately RMB5,228,000 (corresponding period of 2025: RMB3,027,000), representing an increase of approximately RMB2,201,000 as compared to the corresponding period of 2025. The increase was mainly due to the increase in interest expenses for interest-bearing bank borrowings of Yantai Mujin.

Management Discussion and Analysis

INCOME TAX EXPENSE

For the Reporting Period, the Group's income tax expense was approximately RMB66,017,000 (corresponding period of 2025: RMB43,141,000), representing an increase of approximately 53.0% as compared to the corresponding period of 2025. The increase was primarily due to the increase in profit before tax of the Group. During the Reporting Period, the corporate income tax within the territory of the PRC has been provided at a rate of 25% (corresponding period of 2025: 25%) on the taxable income. The effective tax rate of the Group was approximately 39.7% during the Reporting Period (corresponding period of 2025: approximately 33.5%). The higher effective tax rate was mainly attributable to increase in profit before tax and unrecognised tax losses arising from a subsidiary.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the Reporting Period, the Group's profit attributable to the owners of the parent was approximately RMB79,620,000, representing an increase of approximately 26.9% from approximately RMB62,762,000 for the corresponding period of 2025. The increase was mainly due to the increase in the profit after tax.

LIQUIDITY AND CAPITAL RESOURCES

The working capital and funds required by the Group are mainly derived from its cash flows generated from operations and bank borrowings, while the Group's capital for operating activities is mainly utilized to provide funding for purchase of raw materials, various operating expenses and capital expenditure. The net working capital (current assets less current liabilities) of the Group is RMB861,170,000 as at 30 June 2026, compared to RMB770,156,000 as at 31 December 2025. The liquidity of the Group and its working capital and finance requirements is closely monitored by the Board on a regular basis.

CASH FLOWS AND WORKING CAPITAL

The Group maintained a solid cash position, with cash and cash equivalents increasing from approximately RMB1,092,630,000 as at 31 December 2025 to approximately RMB1,149,960,000 as at 30 June 2026. The increase was primarily attributable to the net cash generated from the Group's operating activities.

As at 30 June 2026, the cash and cash equivalents of the Group denominated in Hong Kong dollars amounted to approximately RMB379,791,000 (31 December 2025: RMB425,641,000), those denominated in Canadian dollars amounted to approximately RMB590,000 (31 December 2025: RMB628,000), those denominated in United States dollars amounted to approximately RMB107,628,000 (31 December 2025: RMB76,301,000). All other cash and cash equivalents held by the Group are denominated in RMB.

Management Discussion and Analysis

BANK BORROWINGS

The Group's borrowings are all denominated in RMB. As at 30 June 2026, the Group had outstanding bank borrowings of RMB234,606,000 (31 December 2025: RMB244,242,000). As at 30 June 2026, except for certain bank borrowings amounting to RMB65,750,000 (31 December 2025: RMB67,800,000) that bear interest at floating rates, all bank and other borrowings bear interest at fixed rates.

GEARING RATIO

The Group monitors capital using gross gearing ratio which is total debt divided by total equity and net gearing ratio which is net debt divided by total capital plus net debt. Total debt includes interest-bearing bank borrowings. 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:

	30 June 2026 ***RMB'000*** **(unaudited)**	31 December 2025 *RMB'000* (audited)
Total debt		
Interest-bearing bank and other borrowings	234,606	244,242
Total equity	1,681,018	1,600,628
Gross gearing ratio	14.0%	15.3%

As at 30 June 2026 and 31 December 2025, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no net gearing ratio as at 30 June 2026 and 31 December 2025 was presented.

MARKET RISKS

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

Management Discussion and Analysis

GOLD PRICES AND OTHER COMMODITIES PRICES RISKS

The Group's revenue and profit were affected by fluctuations in the gold prices and other commodity prices as all of our products were sold at market prices and such fluctuations in prices were beyond our control. Our revenue is generated from the sale of gold bullion 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 Reporting Period, and except for certain bank borrowings amounting to RMB65,750,000 (31 December 2025: RMB67,800,000) that bear interest at floating rates, all bank and other borrowings bear interest at fixed rates.

CREDIT RISK

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. The balances of trade receivables were nil as at 30 June 2026 and as at 31 December 2025. 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.

Management Discussion and Analysis

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 30 June 2026, the Group had the following pledged assets:

(1) The restricted and pledged bank deposits amounting to RMB37,119,000 (31 December 2025: RMB34,756,000) were placed as environmental rehabilitation deposits which are restricted as to use, and no amount (31 December 2025: RMB150,000) was placed as deposits for temporary business disputes.

(2) Certain of the Group's properties with an aggregate carrying amount of approximately RMB11,853,000 (31 December 2025: RMB12,403,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

(3) Certain of the Group's leasehold land with an aggregate carrying amount of approximately RMB33,019,000 (31 December 2025: RMB33,560,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

(4) Certain of the Group's mining rights with an aggregate carrying amount of approximately RMB270,833,000 (31 December 2025: RMB271,643,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

CONTRACTUAL OBLIGATIONS AND COMMITMENT

As at 30 June 2026, the Group's total capital commitments in respect of the contracted costs which were not provided for in the financial statements were RMB112,863,000 (31 December 2025: RMB127,187,000).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no material contingent liabilities.

Management Discussion and Analysis

V. BUSINESS PROSPECTS

The gold market in the second half of 2026 is expected to be influenced by a combination of macroeconomic factors, geopolitical developments and investor behaviour, including but not limited to U.S. monetary policy and the interest rate path, geopolitical risks in the Middle East and Eastern Europe, central bank demand and U.S. Dollar strength. Following the adjustment in the first half of 2026, forecasts among major institutions remain mixed. Some expect gold prices to remain broadly range bound or trade in the region of approximately US$4,300 to US$4,600 per ounce, while others maintain more bullish year-end targets, supported by continued central bank accumulation and the prospect of renewed investment demand if geopolitical risks intensify or interest rate expectations ease. Notwithstanding such divergence, gold is expected to remain in demand as a safe-haven asset and store of value amid persistent economic and geopolitical uncertainty.

China's gold market is expected to remain supported by strong investment demand, geopolitical risks and continued purchases by the People's Bank of China for reserve purposes. Gold prices are expected to remain elevated in the second half of the year, with the potential for continued volatility ahead.

In May 2026, the Group received a safety warning notice from the EMB regarding a gas explosion accident at a coal mine in Shanxi Province. To learn profound lessons from the accident and prevent major safety risks, regulatory authorities launched a comprehensive special inspection of mine safety production since June 2026, adopting a zero-tolerance policy for five types of violations: illegal construction and exploration, setting up concealed work platforms, using forged or expired engineering drawings, tampering with or interfering with safety monitoring systems and falsifying personnel files.

This special inspection further strengthened the safety responsibilities of mine management personnel. The Group immediately conveyed and implemented the regulatory requirements, urging Yantai Zhongjia and Yantai Mujin to fully cooperate with the special inspection, conduct comprehensive internal self-inspections and rectifications, establish hazard ledgers, implement closed-loop management, and promptly report major hazards as required, strictly adhering to the bottom line of safety production compliance.

Since 2026, the EMB have issued multiple "Orders for Rectification within a Time Limit" to Yantai Zhongjia and Yantai Mujin. The Group attached great importance to this and immediately established a special working group to implement the rectification work.

As at the date of this report, most of the rectification issues listed in the orders have been rectified and the process has been completed and closed. The remaining key rectification item at this stage is the remediation of the crack development hazard on the northwest slope of the Songjiagou Open-Pit mine. This rectification project has a long cycle. Currently, Yantai Zhongjia has completed all preliminary preparations, including site investigation, equipment deployment, and plan preparation. The remediation work will continue to be carried out strictly in accordance with relevant regulations.

Management Discussion and Analysis

The Company always adheres to the principle of prioritizing safety in production. Going forward, it will continue to strictly adhere to safety red lines, deeply learn from the lessons of various mining accidents, routinely conduct hazard investigation and remediation, continuously improve safety management systems, strengthen management responsibilities at all levels, and comprehensively improve the standardization and normalization of mine safety production management.

VI. USE OF PROCEEDS FROM PLACING

On 25 September 2025, the Company entered into the placing agreement with the joint placing agents, pursuant to which the Company conditionally agreed to place, through the joint placing agents on a best effort basis, up to 400,000,000 placing shares at the placing price of HK$1.18 per placing share. The final net proceeds from the placing after deducting all fees, costs and expenses properly incurred by the Company including without limitation, the joint placing agents' commission (fixed and discretionary, if any), the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy and other expenses incurred by the Company in connection with the placing, are approximately HK$464.3 million. For the period from the placing completion date up to 30 June 2026, the Company has utilized only HK$21.7 million net proceeds raised from the placing.

	Net Proceeds and utilization				
Intended purposes of placing net proceeds	**Percentage of the Net Proceeds**	**Actual amount available for utilization** *HK$ million*	**Utilized amount as at 30 June 2026** *HK$ million*	**Remaining amount as at 30 June 2026** *HK$ million*	**Expected timeline for utilization**
Potential gold mine project acquisitions	50.0%	232.1	(1.7)	230.4	By Dec 2026
Acceleration of the Company's business expansion	25.0%	116.1	(3.7)	112.4	By July 2027
General working capital and other general corporate purposes	25.0%	116.1	(16.3)	99.8	By Dec 2027
Total	100.0%	464.3	(21.7)	442.6	

Corporate Governance and Other Information

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

As at 30 June 2026, the interests or short positions of the Directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO required to be notified to the Company and the Main Board of the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO) (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), were as follows:

(a) Long positions in shares of the Company

Name of Directors/senior management	Personal interests (held as beneficiary owner)[1]	Family interests (interests of spouse)	Total	% of issued voting shares as at 30 June 2026
Dr. Shao Xuxin (Chairman and Executive Director)	3,320,000	–	3,320,000	0.14%
Mr. Mackie James Thomas (Executive Director)	2,480,000	–	2,480,000	0.10%
Mr. Chen Zhuping (Executive Director)	800,000	–	800,000	0.03%
Dr. Malaihollo Jeffrey Francis A (Executive Director)	1,500,000	–	1,500,000	0.06%
Mr. Chan Ngai Fan (independent non-executive Director)	900,000	–	900,000	0.04%
Dr. Zeng Ming (independent non-executive Director)	900,000	–	900,000	0.04%
Ms. Liu Li (independent non-executive Director)	900,000	–	900,000	0.04%

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

Corporate Governance and Other Information

(b) Long positions in shares and underlying shares held under equity derivatives of Majestic Gold Corp.[1]

Name of Directors	Number of shares held					
	Personal interests (held as beneficial owner)	Family interests (interests of spouse	Sub-total	Number of underlying shares held under equity derivatives[2]	Total	% of issued voting shares as at 30 June 2026
Dr. Shao Xuxin (Chairman and Executive Director)	–	–	–	4,000,000	4,000,000	0.28%
Mr. Mackie James Thomas (Executive Director)	720,000	–	720,000	3,700,000	4,420,000	0.31%

1. Majestic Gold Corp. (formerly known as (i) Byron Resources Inc. from 30 October 1986 to 2 September 1992 and (ii) Select Ventures Inc. from 3 September 1992 to 2 December 1996) is a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares on 30 October 1986 and listed on the TSX Venture Exchange (stock code: MJS.V). Majestic Gold Corp. is considered as the ultimate holding company of the Group.

2. These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Majestic Gold Corp. under its share option scheme. Details of these share options and their movements during the period ended 30 June 2026 were as follows:

Name of Director	Number of share options							
	Date of grant	Exercise price per share (CAD)	Exercise period	Balance as at 1 January 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Balance as at 30 June 2026
Dr. Shao Xuxin (Chairman and Executive Director)	30 June 2025	0.15	30 June 2025 to 29 June 2030	4,000,000	–	–	–	4,000,000
Mr. Mackie James Thomas (Executive Director)	30 June 2025	0.15	30 June 2025 to 29 June 2030	3,700,000	–	–	–	3,700,000

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

Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had any interests or short positions in the shares of the Company, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 June 2026, other than those disclosed above in respect of the interests and short positions of the Directors and chief executive of the Company, the following interests and short positions of 5% or more of the Shares and underlying Shares of the Company were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares held	Position	Approximate percentage of shareholding in the issued share capital of the Company
Majestic Gold Corp.[1]	Beneficial owner	1,410,000,000	Long	58.75%
Dongfang Gold Industry (Hong Kong) Limited[2]	Beneficial owner	198,000,000	Long	8.25%

Notes:

1. Majestic Gold Corp. (formerly known as (i) Byron Resources Inc. from 30 October 1986 to 2 September 1992 and (ii) Select Ventures Inc. from 3 September 1992 to 2 December 1996) is a company incorporated under the laws of the province of British Columbia, Canada with limited liability by shares on 30 October 1986 and listed on the TSX Venture Exchange (stock code: MJS.V).

2. Dongfang Gold Industry (Hong Kong) Limited, a third party independent of the Group, is a limited private company incorporated under the laws of Hong Kong on 8 February 2022 and a wholly-owned subsidiary of 山東招金集團招遠黃金冶煉有限公司 (Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.).

Save as disclosed above, as at 30 June 2026, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company.

Corporate Governance and Other Information

DIVIDEND POLICY

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

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

1. The Company intends to distribute interim cash dividends to the Shareholders for a year if the net profit attributable to equity holders and accumulated undistributed profits for the previous year are positive and the Company's cash flow can satisfy the Company's normal operations and sustainable development. The percentage of cash dividend will be calculated with reference to 30% of the net profit attributable to equity holders for the previous year.

2. It is anticipated that these distributions will be declared semi-annually following the announcement of the half-year results. Dividends will be declared and paid in Hong Kong dollars.

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

(a) the actual and expected financial performance and the financial results;

(b) the actual and available surplus and working capital;

(c) the expected working capital requirements and cash flow required for the future expansion plans;

(d) the debt-to-equity ratios and the debt level;

(e) any restrictions on payment of dividends that may be imposed by the lenders;

(f) the general economic conditions, business cycle and other internal and external factors that may have an impact on the business conditions or financial performance, the strategies and the financial position of the Company;

(g) the future operations and earnings; and

(h) any other conditions or factors that the Board deems relevant.

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

The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the Companies Act (as revised), of the Cayman Islands, Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Listing Rules, the Articles, any other applicable laws and regulations and any other financial covenants imposed by financial institutions. Save as aforesaid, the Company does not have any 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.

CHANGES IN THE INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

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

(1) Mr. Chen Zhuping was appointed as an executive Director and executive vice president of the Company with effect from 12 January 2026.

(2) With effect from 8 April 2026, Dr. Malaihollo Jeffrey Francis A was re-designated from an independent non-executive Director to an executive Director of the Company, and ceased to be a member of the Audit Committee, Remuneration Committee and Nomination Committee. With effect from the same date, Ms. Liu Li, an independent non-executive Director, was appointed as a member of the Audit Committee and a member of the Nomination Committee.

(3) Mr. Chen Libei retired as a non-executive Director of the Company with effect from the conclusion of the annual general meeting held on 26 June 2026.

(4) Dr. Shao Xuxin resigned as the chairman of the Board and ceased to be the chairman of the Nomination Committee, while remaining as an executive Director and Chief Executive Officer with effect from 27 July 2026. With effect from the same date, Dr. Malaihollo Jeffrey Francis A was appointed as the chairman of the Board and chairman of the Nomination Committee.

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

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS

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

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

SUFFICIENT PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the six months ended 30 June 2026 and up to the date of this report.

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

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

Reference is made to the announcement dated 13 July 2026, pursuant to which the Board resolved to exercise the share repurchase mandate to repurchase the Company's shares on the open market from time to time, with a maximum consideration of HK$20 million (the "**Share Repurchase Plan**").

The Share Repurchase Plan will cease upon exhaustion of the HK$20 million cap or expiry of the repurchase mandate, whichever is earlier. Repurchases will be funded by the Company's own internal cash instead of listing proceeds, and will not be conducted if they would materially adversely impact the Group's daily operations or future capital expenditure plans. As at 31 August 2026, an aggregate of 565,000 shares had been repurchased under the Share Repurchase Plan.

Corporate Governance and Other Information

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

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

REMUNERATION POLICY OF THE GROUP AND NUMBER OF EMPLOYEES

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

As at 30 June 2026, the Company had a total of 943 employees.

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

During the Reporting Period, the Group did not hold any significant investments, and there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

DETAILS OF SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement dated 6 July 2026. On 5 July 2026, the Company entered into an Investor Agreement with GoldStone Resources Limited ("**GoldStone Resources**"), a Jersey-incorporated company listed on the Alternative Investment Market of the London Stock Exchange. Pursuant to the Investor Agreement, the Group agreed to acquire 351,594,899 ordinary shares of GoldStone Resources at a price of £0.01 per share, representing a total consideration of £3,515,948.99 and approximately 20.96% equity interest in GoldStone Resources (the "**Acquisition**"). On 20 July 2026, the consideration of the Acquisition was settled and the Group acquired the 351,594,899 ordinary shares of GoldStone Resources pursuant to the Investor Agreement.

Corporate Governance and Other Information

The Acquisition represents the Group's first investment outside of China. The Board believes the investment will expand the Group's resource portfolio, diversify its operations and enable the Group to participate in mining exploration in Africa. The investment funds are expected to be deployed to advance the development of the Homase Gold Mine held by GoldStone Resources.

On 26 August 2026, (i) the Company entered into an equity transfer agreement with Kong Fanzhong (孔凡忠) ("**Mr. Kong**") (a connected person of the Company at the subsidiary level) (the "**Equity Transfer Agreement A**"), and (ii) Majestic Yantai Gold Ltd. ("**MYG**") (a direct wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Yantai Yihui Investment Company Limited ("**Yihui Investment**") (a connected person of the Company at the subsidiary level) and Yantai Mujin ("**Equity Transfer Agreement B**" and collectively the "**Equity Transfer Agreements**").

Pursuant to the Equity Transfer Agreement A, the Company has agreed to sell, and Mr. Kong has agreed to purchase, (i) the entire equity interest in PRG RES Holding 2 Ltd, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company ("**PRG**") (PRG is the holding company which indirectly holds 41.051% of the equity interest in Yantai Mujin through its wholly-owned subsidiary PRG Res HK 2 Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of PRG and an indirect wholly-owned subsidiary of the Company ("**PRGHK**")); and (ii) certain shareholder's loans due by Yantai Mujin to PRGHK, which were originally contributed from the Company to PRGHK. Pursuant to the Equity Transfer Agreement B, MYG has agreed to sell, and Yihui Investment has agreed to purchase, (i) 10.949% of the equity interest in Yantai Mujin; and (ii) certain shareholder's loans due by Yantai Mujin to MYG. The total consideration for the disposals is RMB173,965,369.32.

As at the announcement dated 26 August 2026, the Group indirectly holds 52% of equity interest in Yantai Mujin. Upon completion of the above disposal, the Group will completely cease to hold any equity interest in Yantai Mujin, PRG and PRGHK. Accordingly, Yantai Mujin, PRG and PRGHK will cease to be subsidiaries of the Company, and their financial results will no longer be consolidated into the Group's consolidated financial statements.

The Board considers that the disposal will strengthen the cash flow of the Group, allowing the Group to improve its liquidity and reallocate its resources to other existing opportunities.

For details, please refer to the announcement of the Company dated 26 August 2026.

Save as above, the Group did not have other plans for material investments or capital assets, or any other significant acquisitions and disposals of subsidiaries, associates and joint ventures.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

During the Reporting Period and as at 30 June 2026, the Company has not separated the roles of Chairman and the CEO. Dr. Shao Xuxin ("**Dr. Shao**") acted as both the Chairman and the CEO and was responsible for overseeing the operations of the Group. In view of the fact that Dr. Shao has been operating and managing the Group since 2019, the Board believes that it is in the best interests of the Group to have Dr. Shao taking up both roles for effective management and business development. The Board also believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although Dr. Shao performs both roles of Chairman and CEO, the division of responsibilities between the two roles is clearly established. While the Chairman is responsible for supervising the functions and performance of the Board, the CEO is responsible for the management of the Group's business. The Board considers that the balance of power and authority for the present arrangement will not be impaired given the appropriate delegation of the power of the Board to the senior management of the Company 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.

With effect from 27 July 2026, Dr. Shao has resigned as Chairman but continues to serve as an executive Director and CEO of the Company. Dr. Malaihollo Jeffrey Francis A, an executive Director, has been appointed as Chairman with effect from the same date. For details, please refer to the announcement of the Company dated 27 July 2026. Following such change, the Company has been in compliance with code provision C.2.1 of the CG Code with effect from 27 July 2026. The Board will continue to review the corporate governance policies regularly to ensure ongoing compliance with the CG Code.

Corporate Governance and Other Information

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was conditionally adopted on 30 November 2023 and shall be valid until 30 November 2033. The Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group.

The maximum number of Shares available for grant 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 listing date (being 22 December 2023, the "**Listing Date**"), being 200,000,000 Shares (the "**Scheme Limit**").

The exercise price of the share options per Share shall be determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the business day on which the share options are granted; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date on which the share options are granted; and (iii) the nominal value of the Shares.

On 11 July 2025, the Company granted a total of 21,000,000 options (the "**Option(s)**") to the grantees, representing approximately 10.5% of the Scheme Limit. Of these options, 14,020,000 Options were granted to Directors (the "**Director Grantees**"), and the remaining 6,980,000 Options were granted to the employees of the Group who are neither directors, chief executive, substantial shareholders of the Company, nor their respective associates as defined in the Listing Rules (the "**Employee Grantees**").

Corporate Governance and Other Information

Subsequent to the grant, Mr. Lo Cheuk Kwong Raymond resigned from the Board with effect from 5 November 2025 but remained employed by the Group as chief financial officer. As he ceased to be a director, his 3,020,000 Options have been reclassified from Director Grantees to Employee Grantees for presentation purposes. No new options were granted or cancelled in connection with the reclassification. With effect from 12 January 2026, Mr. Chen Zhuping was appointed as an executive director and executive vice president of the Company. As he was promoted to a director, his 800,000 Options have been reclassified from Employee Grantees to Director Grantees for presentation purpose. No new options were granted or cancelled in connection with the reclassification. In addition, Mr. Chen Libei retired from his position as a non-executive Director of the Company with effect from the conclusion of the annual general meeting held on 26 June 2026. Upon his retirement from the Board, he ceased to be an eligible participant, and his 1,000,000 Options lapsed automatically on the date of his retirement.

Accordingly, following the lapse of 1,000,000 Options, the total number of outstanding Options as at 30 June 2026 amounted to 20,000,000 (representing approximately 0.83% of the total Shares in issue as at 30 June 2026, excluding any treasury Shares), of which 10,800,000 were held by Director Grantees and the remaining 9,200,000 were held by Employee Grantees. As at 1 January 2026, the number of Shares available for grant under the Share Option Scheme and any other share option schemes of the Company was 179,000,000. As at 30 June 2026, the number of Shares available for future grant under the Share Option Scheme and any other share option schemes of the Company is 180,000,000. As at 30 June 2026, the number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the period ended 30 June 2026 divided by the weighted average number of shares of the Company (excluding treasury shares) for the period is 0.83%.

Details of movements of Options granted and outstanding under the Share Option Scheme during the period ended 30 June 2026 are as follows:

	Number of Options granted						
Name of director	Unvested as at 1 January 2026	Granted during the period	Lapsed/ forfeited during the period	Change of category	Unvested as at 30 June 2026	Vesting period	Performance target
Director Grantees							
Dr. Shao Xuxin	3,320,000	–	–	–	3,320,000	Note 4	Note 5
Mr. Mackie James Thomas	2,480,000	–	–	–	2,480,000	Note 4	Note 5
Mr. Chen Zhuping[6]	–	–	–	800,000	800,000	Note 4	Note 5
Dr. Malaihollo Jeffrey Francis A	1,500,000	–	–	–	1,500,000	Note 4	Note 5
Mr. Lo Cheuk Kwong Raymond[6]	3,020,000	–	–	(3,020,000)	0	Note 4	Note 5
Mr. Chen Libei[7]	1,000,000	–	(1,000,000)	–	0	Note 4	Note 5
Mr. Chan Ngai Fan	900,000	–	–	–	900,000	Note 4	Note 5
Dr. Zeng Ming	900,000	–	–	–	900,000	Note 4	Note 5
Ms. Liu Li	900,000	–	–	–	900,000	Note 4	Note 5
Employee Grantees							
Employees[8]	6,980,000	–	–	2,220,000	9,200,000	Note 4	Note 5
Grand Total	21,000,000	–	(1,000,000)	–	20,000,000		

Corporate Governance and Other Information

Notes:

1. The closing price of the Shares immediately before the date of grant (11 July 2025) was HK$1.47 per Share.

2. The exercise price of the Options granted was HK$1.50 per share.

3. The fair value of the Options granted on 11 July 2025 was HK$0.75 per Share on the date of grant.

4. For options granted with exercisable date determined based on the grant date of options, the first 40% of the total options shall be vested and become exercisable 1 year after the grant date, and each 30% of the total options will be vested and become exercisable in each subsequent year. The first 40% tranche of share options vested and became exercisable on 11 July 2026. Following the vesting date, the option holder may exercise such options at any time until the expiry of 10 years from the date of grant.

5. No performance targets were attached to the share options granted on 11 July 2025.

6. Mr. Lo Cheuk Kwong Raymond resigned from the Board with effect from 5 November 2025 but remained employed by the Group as chief financial officer. As he ceased to be a director, his 3,020,000 Options have been reclassified from Director Grantees to Employee Grantees for presentation purposes. No new options were granted or cancelled in connection with the reclassification. With effect from 12 January 2026, Mr. Chen Zhuping was appointed as an executive director and executive vice president of the Company. As he was promoted to a director, his 800,000 Options have been reclassified from Employee Grantees to Director Grantees for presentation purpose. No new options were granted or cancelled in connection with the reclassification.

7. Mr. Chen Libei retired as a non-executive Director of the Company with effect from the conclusion of the annual general meeting held on 26 June 2026. As he ceased to be an eligible participant under the Share Option Scheme following his retirement from the Board, his holding of 1,000,000 Options lapsed automatically on the date of his retirement.

8. No Options granted to the Employee Grantees were lapsed, forfeited or cancelled during the period ended 30 June 2026.

During the Reporting Period, there were no material matters relating to the Share Option Scheme under the Listing Rules that were reviewed and/or approved by the remuneration committee of the Company and the Company did not have any matters relating to any grants of options to the Directors or the senior management of the Company as set out in rule 17.03(F) and rules 17.06B(7) and (8) of the Listing Rules.

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

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

AUDIT COMMITTEE

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

As at 30 June 2026, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Ngai Fan, Dr. Zeng Ming and Ms. Liu Li (appointed with effect from 8 April 2026). Dr. Malaihollo Jeffrey Francis A ceased to be a member of the Audit Committee on 8 April 2026 upon his re-designation from an independent non-executive Director to an executive Director. Mr. Chan Ngai Fan serves as the chairperson of the Audit Committee. The Audit Committee has reviewed this report and the unaudited interim consolidated financial statements of the Group as set out in this report for the Reporting Period and formed the view that this report and the unaudited interim consolidated financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

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

INVESTOR RELATIONS

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

Corporate Governance and Other Information

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our Shareholders, investors and business partners for their continuous support, as well as our management team and staff for their hard work and contributions during the Reporting Period.

By order of the Board

Malaihollo Jeffrey Francis A
Chairman
31 August 2026

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

For the six months ended 30 June 2026

	Notes	**2026** **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
REVENUE	5	**352,295**	303,493
Cost of sales		**(143,665)**	(147,982)
Gross profit		**208,630**	155,511
Other income and gains		**21,152**	8,305
Administrative expenses		**(41,591)**	(31,514)
Other expenses		**(16,473)**	(633)
Finance costs	6	**(5,228)**	(3,027)
PROFIT BEFORE TAX	7	**166,490**	128,642
Income tax expense	8	**(66,017)**	(43,141)
PROFIT FOR THE PERIOD		**100,473**	85,501
Attributable to:			
Owners of the parent		**79,620**	62,762
Non-controlling interests		**20,853**	22,739
		100,473	85,501

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

For the six months ended 30 June 2026

	Notes	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operation		**17,629**	7,567
		17,629	7,567
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		**(39,602)**	(9,019)
		(39,602)	(9,019)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(21,973)**	(1,452)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**78,500**	84,049
Attributable to:			
Owners of the parent		**57,647**	61,310
Non-controlling interests		**20,853**	22,739
		78,500	84,049
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR THE PERIOD			
Basic and diluted	10	**RMB3.32 cents**	RMB3.14 cents

Interim Condensed Consolidated Statements of Financial Position

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**572,077**	565,721
Right-of-use assets		**128,036**	133,439
Intangible assets		**372,896**	375,740
Deferred tax assets		**8,638**	8,638
Other long-term assets		**3,264**	5,584
Goodwill		**36,508**	36,508
Total non-current assets		**1,121,419**	1,125,630
CURRENT ASSETS			
Inventories		**27,286**	30,583
Prepayments, other receivables and other assets		**21,218**	9,209
Restricted and pledged bank deposits		**37,119**	34,906
Cash and cash equivalents		**1,149,960**	1,092,630
Total current assets		**1,235,583**	1,167,328
CURRENT LIABILITIES			
Trade payables	12	**15,470**	17,933
Other payables and accruals		**63,792**	84,285
Interest-bearing bank and other borrowings		**166,516**	168,472
Lease liabilities		**55**	163
Tax payable		**109,053**	105,032
Provision		**1,223**	1,223
Current portion of other long-term liabilities		**18,304**	20,064
Total current liabilities		**374,413**	397,172
NET CURRENT ASSETS		**861,170**	770,156
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,982,589**	1,895,786

Interim Condensed Consolidated Statements of Financial Position

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Provision		**52,603**	52,049
Interest-bearing bank and other borrowings		**68,090**	75,770
Other long-term liabilities		**66,923**	64,012
Deferred tax liabilities		**113,554**	102,936
Lease liabilities		**401**	391
Total non-current liabilities		**301,571**	295,158
NET ASSETS		**1,681,018**	1,600,628
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	**21,839**	21,839
Reserves		**1,400,843**	1,338,806
		1,422,682	1,360,645
Non-controlling interests		**258,336**	239,983
TOTAL EQUITY		**1,681,018**	1,600,628

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the parent										
	Share capital *RMB'000* (note 13)	Share premium* *RMB'000*	Capital reserve* *RMB'000*	Statutory surplus reserve* *RMB'000*	Share-based payment reserve* *RMB'000*	Special reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interest *RMB'000*	Total equity *RMB'000*
At 1 January 2026 (audited)	21,839	643,678	361,532	79,118	4,183	-	867	249,428	1,360,645	239,983	1,600,628
Profit for the period	-	-	-	-	-	-	-	79,620	79,620	20,853	100,473
Other comprehensive income for the period:											
Exchange differences on translation of foreign operation	-	-	-	-	-	-	(21,973)	-	(21,973)	-	(21,973)
Total comprehensive income for the period	-	-	-	-	-	-	(21,973)	79,620	57,647	20,853	78,500
Transfer from retained profits	-	-	-	15,107	-	-	-	(15,107)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2,500)	(2,500)
Equity-settled share option arrangements	-	-	-	-	4,390	-	-	-	4,390	-	4,390
Provision of safety fund surplus reserve	-	-	-	-	-	714	-	(714)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	-	(714)	-	714	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2026 (unaudited)	21,839	643,678	361,532	94,225	8,573	-	(21,106)	313,941	1,422,682	258,336	1,681,018

* These reserve accounts comprise the total consolidated reserves of RMB1,400,843,000 in the condensed consolidated statement of financial position as at 30 June 2026.

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the parent									
	Share capital RMB'000 (note 13)	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Special reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	18,172	214,663	361,532	63,459	–	16,460	209,178	883,464	169,995	1,053,459
Profit for the period	–	–	–	–	–	–	62,762	62,762	22,739	85,501
Other comprehensive income for the period:										
Exchange differences on translation of financial statements of group companies	–	–	–	–	–	(1,452)	–	(1,452)	–	(1,452)
Total comprehensive income for the period	–	–	–	–	–	(1,452)	62,762	61,310	22,739	84,049
Transfer from retained profits	–	–	–	10,087	–	–	(10,087)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(25,000)	(25,000)
Capital injection by non-controlling shareholders	–	–	19,294	–	–	–	–	19,294	–	19,294
Provision of safety fund surplus reserve	–	–	–	–	1,066	–	(1,066)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	–	(945)	–	945	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	42,222	42,222
As at 30 June 2025 (unaudited)	18,172	214,663	380,826	73,546	121	15,008	261,732	964,068	209,956	1,174,024

* These reserve accounts comprise the total consolidated reserves of RMB945,896,000 in the condensed consolidated statement of financial position as at 30 June 2025.

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2026

	Notes	Six months ended 30 June **2026** ***RMB'000*** **(Unaudited)**	 2025 *RMB'000* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**166,490**	128,642
Adjustments for:			
Finance costs	6	**5,228**	3,027
Depreciation of items of property, plant and equipment	7	**31,070**	26,404
Depreciation of right-of-use assets	7	**5,403**	4,995
Amortisation of intangible assets	7	**2,844**	3,477
Stock-based payment		**4,390**	–
Gain on disposal of items of property, plant and equipment		**(28)**	–
		215,397	166,545
Decrease in inventories		**3,297**	3,520
(Increase)/decrease in prepayments, other receivables and other assets		**(12,009)**	6,299
(Decrease)/increase in trade payables		**(2,463)**	1,799
Increase in restricted and pledged bank deposits		**(2,213)**	(1,781)
Decrease in other payables and accruals		**(20,493)**	(62,887)
Cash generated from operations		**181,516**	113,495
Tax paid		**(51,378)**	(38,942)
Net cash flows from operating activities		**130,138**	74,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(35,054)**	(51,708)
Proceeds from disposal of property, plant and equipment		**57**	–
Additions to intangible assets		**(9)**	–
Acquisition of a subsidiary		**–**	(6,708)
Increase in other receivables		**–**	(2,300)
Repayment of other receivables		**–**	1,000
Net cash flows used in investing activities		**(35,006)**	(59,716)

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of other long-term liabilities	**(534)**	(507)
Interest paid	**(3,087)**	(1,365)
New bank and other borrowings	**–**	114,800
Repayment of bank and other borrowings	**(9,600)**	(104,861)
Dividends paid to non-controlling equity holders	**(2,500)**	(25,000)
Contribution from non-controlling equity holders	**–**	19,294
Principal portion of lease payments	**(108)**	(292)
Net cash flows from/(used in) financing activities	**(15,829)**	2,069
NET INCREASE IN CASH AND CASH EQUIVALENTS	**79,303**	16,906
Cash and cash equivalents at the beginning of period	**1,092,630**	639,599
Effects of exchange rate changes on cash and cash equivalents	**(21,973)**	(1,452)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1,149,960**	655,053
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**1,149,960**	655,053
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS	**1,149,960**	655,053

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

1. CORPORATE AND GROUP INFORMATION

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

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

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

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company’s subsidiaries are as follows:

Name	Place of incorporation or establishment and place of operation/date of incorporation or establishment/type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Majestic Yantai Gold Ltd.	British Virgin Islands 1 July 2004 Limited liability company	US$50,000	100%	–	Investment holding
PRG Res Holding 1 Ltd.	British Virgin Islands 15 January 2024 Limited liability company	US$50,000	100%	–	Investment holding
PRG Res Holding 2 Ltd.	British Virgin Islands 15 January 2024 Limited liability company	US$50,000	100%	–	Investment holding
煙台中嘉礦業有限公司 Yantai Zhongjia Mining Co., Ltd. (“**Yantai Zhongjia**”)	Chinese mainland 17 March 2005 Limited liability company	RMB228,706,000	–	75%	Mining, processing and sales of gold
PRG Res HK 1 Limited	Hong Kong 29 January 2024 Limited liability company	HK$1	–	100%	Investment holding

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment and place of operation/date of incorporation or establishment/type of legal entity	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PRG Res HK 2 Limited	Hong Kong 29 January 2024 Limited liability company	HK$1	–	100%	Investment holding
集海資源企業管理(深圳)有限公司 Jihai Resources Enterprise Management (Shenzhen) Co., Ltd.	Chinese mainland 5 March 2024 Limited liability company	RMB7,000,000	–	100%	Investment holding
煙台市牟金礦業有限公司 Yantai City Mujin Mining Company Limited ("**Yantai Mujin**")	Chinese mainland 14 November 1981 Limited liability company	RMB145,694,000	–	52%	Mining and processing and sales of gold

The English names of the subsidiaries registered in the Chinese mainland represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. The Interim Financial Information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments 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. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) *Annual Improvements to IFRS Accounting Standards – Volume 11* set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

4. OPERATING SEGMENT INFORMATION

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

GEOGRAPHICAL INFORMATION

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

INFORMATION ABOUT THE MAJOR CUSTOMER

Revenue from the major customer is set out below:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**352,295**	303,493

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**352,295**	303,493

5. REVENUE (CONTINUED)

DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of gold bullion	**352,295**	303,493
Timing of revenue recognition		
Recognised at a point in time	**352,295**	303,493

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**3,051**	1,342
Interest expense on lease liabilities	**10**	9
Increase in discounted amounts of provisions and other long-term liabilities arising from the passage of time	**2,167**	1,676
Total	**5,228**	3,027

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**143,665**	147,982
Depreciation of property, plant and equipment*	**31,070**	26,404
Depreciation of right-of-use assets*	**5,403**	4,995
Amortisation of intangible assets*	**2,844**	3,477
Research and development costs	**4,619**	6,763

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

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and its subsidiary incorporated in the Cayman Islands and British Virgin Islands, respectively, are not subject to any income tax.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

8. INCOME TAX EXPENSE (CONTINUED)

The subsidiaries of the Group operating in Chinese mainland were generally subject to the corporate income tax at a rate of 25% for the period.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Chinese mainland corporate income tax	**55,400**	43,880
Deferred tax	**10,617**	(739)
Total tax charge for the period	**66,017**	43,141

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before tax	**166,490**	128,642
At the statutory income tax rate of 25%	**41,623**	32,161
Effect of tax rate differences in other jurisdictions	**1,117**	777
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Chinese mainland	**10,198**	6,293
Expenses not deductible for tax	**4,220**	2,532
Unrecognized tax losses	**8,859**	1,378
Total	**66,017**	43,141

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

9. DIVIDEND

On 31 August 2026, the Board declared an interim dividend of HK3.125 cents (six months ended 30 June 2025: HK3.00 cents) per ordinary share, amounting to a total of approximately HK$75,000,000 (six months ended 30 June 2025: HK$60,000,000).

The interim dividend has not been recognised as a liability at the end of the Reporting Period.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,400,000,000 (for the six months ended 30 June 2025: 2,000,000,000) in issue during the period used in the calculation is the number of ordinary shares in issue during the period.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation: (RMB'000)	**79,620**	62,762

	Number of shares	
	2026	2025
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation:	**2,400,000,000**	2,000,000,000

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets of property, plant and equipment at a total cost of RMB35,054,000 (for the six months ended 30 June 2025: RMB32,712,000).

An asset with a net book value of RMB29,000 was disposed of by the Group during the six months ended 30 June 2026 (for the six months ended 30 June 2025: nil), resulting in a net gain on disposal of RMB28,000 (for the six months ended 30 June 2025: nil).

The ownership certificates of certain property, plant and equipment with an aggregate net carrying value of RMB5,424,000 (for the six months ended 30 June 2025: RMB6,140,000) have not yet been obtained as at 30 June 2026.

As at 30 June 2026, certain of the Group's properties with an aggregate carrying amount of approximately RMB11,853,000 (for the six months ended 30 June 2025: RMB12,952,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

12. TRADE PAYABLES

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

	As at 30 June 2026 ***RMB'000*** **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Within one year	**14,544**	16,350
1 to 2 years	**926**	1,583
Total	**15,470**	17,933

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

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

13. SHARE CAPITAL

SHARES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Issued and fully paid:		
2,400,000,000 (2025: 2,400,000,000) ordinary shares of HKD0.01 each	**21,839**	21,839

14. COMMITMENT

The Group had the following contractual commitments at the end of the Reporting Period:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	**112,863**	127,187

15. RELATED PARTY TRANSACTIONS

(a) Except for the transactions disclosed in (b) and (d) below, there were no transactions with a related party during the six months ended 30 June 2026 and 2025.

(b) Other transactions with related parties:

Kong Fanzhong, Kong Fanbo and Shandong Zhongjia Mining Co. Ltd. ("**Shandong Zhongjia**") together with other independent third parties, have guaranteed certain bank borrowings made to the Group of RMB135,888,000 as at 30 June 2026 (for the six months ended 30 June 2025: RMB127,800,000).

(c) Outstanding balances with related parties:

There was no outstanding balance with related parties as at 30 June 2026 and 31 December 2025.

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**5,226**	3,771
Pension scheme contributions	**65**	208
Total compensation paid to key management personnel	**5,291**	3,979

Notes to the Interim Condensed Consolidated Financial Information

30 June 2026

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings 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. At the end of the Reporting Period, 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 once a year for annual financial reporting.

17. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the Corporate Governance and Other Information section of this report, there are no material subsequent events undertaken by the Company or the Group after 30 June 2026.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the Board of directors on 31 August 2026.