

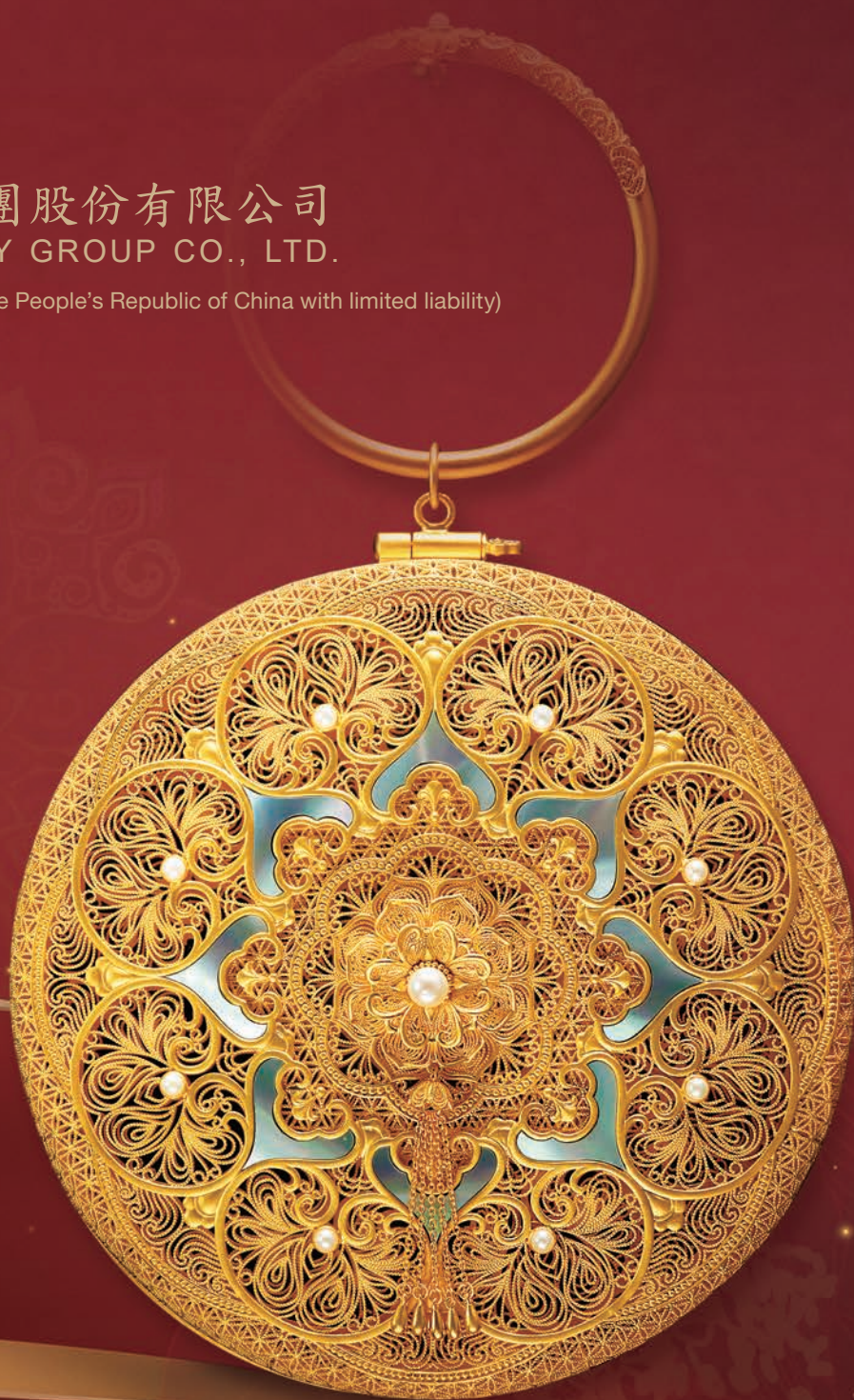
梦金园  
MOKINGRAN

夢金園黃金珠寶集團股份有限公司  
MOKINGRAN JEWELLERY GROUP CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2585

ANNUAL  
REPORT  
2024



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. WANG Zhongshan

Ms. ZHANG Xiuqin

Ms. JIANG Liying

Mr. WANG Zegang

### Independent Non-executive Directors

Mr. WANG Gongyong

Mr. HUANG Fangliang

Mr. BAI Xianyue

Mr. SHA Nali *(resigned with effect from December 31, 2024)*

## STRATEGY COMMITTEE

Mr. WANG Zhongshan *(Chairman)*

Ms. ZHANG Xiuqin

Ms. JIANG Liying

Mr. WANG Zegang

Mr. SHA Nali *(resigned with effect from December 31, 2024)*

## AUDIT COMMITTEE

Mr. WANG Gongyong *(Chairman)*

Mr. HUANG Fangliang

Mr. BAI Xianyue

## REMUNERATION AND APPRAISAL COMMITTEE

Mr. HUANG Fangliang *(Chairman)*

Ms. JIANG Liying

Mr. WANG Gongyong

## NOMINATION COMMITTEE

Mr. BAI Xianyue *(Chairman)* *(appointed with effect from January 14, 2025)*

Mr. WANG Zegang

Mr. HUANG Fangliang

Mr. SHA Nali *(Chairman)* *(resigned with effect from December 31, 2024)*

## SUPERVISORS

Mr. ZHANG Xin

Mr. LI Hu

Mr. WANG Yanpeng

## JOINT COMPANY SECRETARIES

Mr. WANG Zegang

Ms. YU Wing Sze

## AUTHORIZED REPRESENTATIVES

Mr. WANG Zegang

Ms. YU Wing Sze

## COMPANY'S WEBSITE

<http://www.mokingran.com>

## REGISTERED OFFICE

No. 15 Ziyuan Road

Huayuan Industrial Zone

Binhai Hi-Tech District

Tianjin

The People's Republic of China



## CORPORATE INFORMATION (CONTINUED)

### PRINCIPAL PLACES OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 15 Ziyuan Road  
Huayuan Industrial Zone  
Binhai Hi-Tech District  
Tianjin  
The People's Republic of China

Mokingran Town  
1998 North Three Mile Road  
Economic and Technological Development Zone  
Changle County, Weifang City  
Shandong Province  
The People's Republic of China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### COMPLIANCE ADVISER

Rainbow Capital (HK) Limited

### PRINCIPAL BANKERS

**Industrial and Commercial Bank of China Limited, Changle Branch**  
376 Limin Street  
Changle County  
Weifang City  
Shandong Province  
The People's Republic of China

**Agricultural Bank of China Limited, Weifang Branch**  
1777 Hongyang Street  
Changle County  
Weifang City  
Shandong Province  
The People's Republic of China

### LEGAL ADVISERS TO THE COMPANY

Jia Yuan Law Offices (*as to PRC law*)  
Jia Yuan Law Office (*as to Hong Kong law*)

### AUDITOR

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

### INVESTOR ENQUIRY EMAIL ADDRESS

mjy9999@mokingran.com

### STOCK CODE

2585

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of MOKINGRAN JEWELLERY CO., LTD. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**We**”), I hereby present the Group’s annual report for the year ended December 31, 2024.

This past year, we weathered the uncertainties that came with such unfavourable circumstances with unwavering commitment to the product quality, continued enhancement our operation and relentless effort to build our brand through innovative measures while abiding by our social responsibilities and implementing solid ESG measures. We strive to be agile when facing market changes and to continue to grow our business robustly.

The Group’s total revenue for the Reporting Period decreased by 2.5% over the corresponding period last year to RMB19,712.9 million (2023: RMB20,208.6 million). The Group’s net profit and total comprehensive income for the year was RMB200.7 million (2023: RMB233.5 million), and basic earnings per share were RMB0.81 (2023: RMB1.01). The Board recommended a final dividend of RMB0.30 per Share (before tax).

## REVIEW AND OUTLOOK

### 2024 Review

In 2024, the Group focused on its core business, continuously promoted the expansion of domestic and international markets, strengthened the construction of management mechanisms, improved product quality and operational efficiency, completed the establishment of a digital core intelligent platform, enhanced brand building, concentrated on premium products, and continuously made innovations to enhance its core competitiveness.

As of the end of 2024, the Group had established a comprehensive franchise network covering 2,758 franchise stores operated by franchisees (2023: 2,817), 17 provincial-dealers (2023: 17), and 7 self-operated direct service centers that provided services for the franchise network (2023: 7). As of December 31, 2024, we operated 33 self-operated stores (2023: 35).

Reputation and value improvement achieved through brand management. The Group further strengthened its position as a high-purity fine gold jewellery expert and increased the value of brand assets. It built an omnichannel communication matrix and established private traffic pools for craftsmen, members, and live-streaming sales. It strengthened the new media promotion under various scenarios and established standardized visual systems. It built a marketing model integrating product promotion and effectiveness, breaking into the young consumer group through cross-over and IP collaborations. It improved the public relations communication and public opinion risk control systems and actively fulfilled social responsibilities.

The Group’s spring clasp promoted new development. The Group’s spring clasp not only reversed the reliance on domestic market but also achieved export growth, with products sold to foreign countries and overseas regions. The Company has successfully overcome the critical bottleneck in high-end spring-clasp technology for jewellery, invested in and built a fully integrated production facility, and has become the only enterprise in China capable of mass-producing jewellery spring clasps. This achievement closes a longstanding gap in the domestic supply of jewellery components, replaces the previous reliance on imported mid- to high-end spring clasps, and breaks the technological monopoly once held by Italy and other countries. The project has received the First-Class Science and Technology Award from both the China Gold Association and the Gems & Jewellery Trade Association of China, and has been recognized as a Technological Innovation Project of Shandong Province.

## CHAIRMAN'S STATEMENT (CONTINUED)

The Group's overseas planning gradually showed results. In 2024, the Group's overseas revenue reached RMB140.3 million (2023: RMB17.5 million), representing a year-on-year growth rate of 701.7%. The exported products include gold jewellery, K-gold jewellery, diamond inlaying jewellery, and multi-material jewellery accessories. The products are sold to 27 countries in North America, Europe, the Middle East, Southeast Asia, etc. Leveraging the Group's production capabilities, it has established long-term cooperative relationships with numerous overseas customers.

The Group is dedicated to research and development. With a professional design team, it integrated fashion elements and cultural attributes into gold products to keep up with current trends. At the 2024 Oriental Image (China) Fashion Gala, the Company's design team won the "Exquisite Craftsmanship" award for the "Auspicious Treasure" (吉祥寶相) collection and received an excellent award and was in the finals of the jewellery designer competition of the 13th National Gold Industry Skills Competition in 2024. As of the end of 2024, the Company held 660 patents, including 47 invention patents, 115 utility model patents, and 498 design patents, as well as 4,673 copyrights, 679 trademarks, and hosted the drafting of 10 national standards and 5 industry standards.

The Group's human resources system was optimized and upgraded. It established a three-pillar human resources system to empower business development. It strengthened the building of a talent team and increased the talent density of the Company. It reinforced the performance incentive mechanism to further motivate the employees and refined the successful experience and increased investment in corporate culture construction.

### 2025 Outlook

2025 will be a highly challenging year for the entire industry, featured with international geopolitical tensions, macroeconomic uncertainties, sluggish consumption, and record-breaking gold prices. The Group must seek new paths of development to adapt to market changes. Adhering to the sustainable development strategy, the Group will consolidate its competitive position in high-purity gold jewellery products, accelerate its intelligent transformation and upgrading of precision manufacturing factories, meet diversified, personalized, and regional consumption needs to attract clients for collaborations.

The Group will expand domestically and internationally through online and offline collaborative efforts. With a reasonable arrangement of the pipeline marketing network in key areas, the Group plans to open more stores in 2025, focusing on key advantageous development areas, and seek opportunities to set up direct-operated stores in core cities to create brand image stores and enhance the premium image of the brand. Meanwhile, the Group will maintain market share in third- and fourth-tier cities, while actively expanding into first- and second-tier markets to broaden market coverage.

The Group will intensify efforts in overseas market expansion. Overseas revenue has shown good growth momentum in the past two years and has gradually become a new growth point for the Company's business. With a deep understanding of the target market in terms of local culture and customs, consumer preferences, market demand, the Group will strengthen the overseas design team, create styles that resonate with local consumer needs while reflecting brand value, and strengthen publicity through participating in international exhibitions and holding product promotion events. It is also important to focus on collaboration with local distributors, agents or partners to leverage their existing sales channels.

Deeply rooted in precision manufacturing, the Group aims to achieve intelligent transformation and upgrading. Through collaboration between humans and intelligent machines, the Group will upgrade production modes from traditional manual processing to flexible, intelligent, and highly integrated production modes. Leveraging big data and artificial intelligence technology from 5G factories, the Group will upgrade equipment research and development and increase investments in new technologies such as 3D printing, flexible production lines, AI-assisted design, to meet market demand for personalized and customized products. The Group strives to transform and upgrade traditional manufacturing with precision intelligent manufacturing and promote high-quality intelligent development of the industry.

## CHAIRMAN'S STATEMENT (CONTINUED)

The Group will strengthen information construction, optimize financial and operational integration systems, integrate financial data with business data, broaden analytical perspectives, ensure real-time and accurate data to support management decision-making. It will accelerate the renewal and upgrading of retail store systems to help franchisees grasp real-time sales dynamics, effectively compartmentize customer segments, and empower efficient inventory management.

The Group will continue to optimize the human resources system, build a high-quality talent team consisting of leadership, professional talents, and project managers, mobilize the innovation and initiative of outstanding talents, integrate the human resources system, and comprehensively promote the informatization and digitization of talent management.

The Group will implement brand upgrade strategy to achieve coordinated growth in brand, effectiveness, and sales. It will launch a brand upgrade strategy focusing on brand positioning to capture users' attention; build an integrated marketing model to achieve unity in brand, effectiveness and sales, empower business growth; upgrade content marketing models to enhance brand preference among young consumers and high net worth groups; establish an omnichannel communication model leveraging all platforms and media systems for systemic promotion; further upgrade private domain operations to improve brand traffic operation efficiency.

Taking advantage of the creativity and experience of professional jewellery designers, the Group will blend diverse cultural elements with modern design concepts to create products with multicultural characteristics that enhance artistic value and market competitiveness. Catering to diversified consumer demands by launching popular lightweight miniaturized gold jewellery products, the Group emphasizes design aesthetics, cultural connotations, and emotional value while elevating value attributes of products. Furthermore, the Group strengthens self-developed design protection and copyright protection to stimulate innovation vitality.

The Group adheres to sustainable development. Environmental protection and sustainable development concepts will become a critical trend in the gold jewellery industry. The Group will continue to adopt no welding techniques and cyanide-free hard gold craftsmanship to reduce environmental pollution and simplify waste disposal while promoting green transformation in the gold processing industry with its environmentally friendly, safe, and high-performance practices.

On behalf of the Group and its management team, I would like to express my deepest gratitude to all of our Shareholders, business partners, staff members and other stakeholders for their support of our growth and their trust in the Group. The Group is committed to embracing solid and sound measures to continue to solidify its strengths and competitive advantage, realize its growth plan and further enhance its leading position in the market. While abiding to its responsibility as a trusted corporate citizen, the Group shall also seek to generate robust and sustainable returns for its Shareholders.

### **WANG Zhongshan**

*Chairman and Executive Director*

Shandong, The People's Republic of China

March 28, 2025

# FINANCIAL HIGHLIGHTS

	Year ended December 31,			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Operating results</b>				
Revenue	19,712,885	20,208,599	15,724,215	16,871,000
Gross profit	1,330,861	1,077,460	759,248	536,441
Profit for the year	200,737	233,472	180,756	224,498
Net profit attributable to equity shareholders of the Company	189,361	230,375	180,825	220,618
<b>Profitability</b>				
Gross profit margin	6.8%	5.3%	4.8%	3.2%
Profit margin	1.0%	1.2%	1.1%	1.3%
<b>Earnings per share (RMB)</b>				
Earnings per share — basic	0.81	1.01	0.80	0.98
Earnings per share — diluted	0.81	1.01	0.80	0.98

	As of December 31,			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total Assets	4,934,656	4,021,006	3,260,393	3,695,282
Total Liabilities	2,457,009	2,098,101	1,570,960	2,155,405
Non-controlling Interest	19,925	8,549	5,452	7,814
Equity interest attributable to equity shareholders of the Company	2,457,722	1,914,356	1,683,981	1,532,063
Equity-liability ratio (total liabilities/net assets)	1.0	1.1	0.9	1.4



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In 2024, amidst the overall weak gold and jewellery consumption sentiment and declining inventory turnover rates, gold and jewellery enterprises swiftly adjusted their production and operational strategies. They drove product innovation, with traditional craftsmanship and “Guochao (國潮)” (Chinese cultural trends) concept gold jewellery gaining popularity. Due to the international geopolitical instability and various central bank’s accumulation of gold reserves, gold’s role as a safe-haven asset became more prominent, leading to a significant surge in gold bar sales.

According to the China Gold Association, PRC’s gold consumption in 2024 totalled 985.3 tons, reflecting a year-on-year decrease of 9.6%. The breakdown is as follows:

- Gold jewellery consumption: 532.0 tons, a decrease of 24.7% year-on-year.
- Gold bars and coins consumption: 373.1 tons, an increase of 24.5% year-on-year.
- Gold for industrial and other uses: 80.2 tons, a decrease of 4.1% year-on-year.

In addition, in 2024, PRC’s gold market demonstrated significant increases in trading volume and value. Total trading volume of gold products on the Shanghai Gold Exchange reached 62,300.0 tons (31,150.0 tons for single-side transactions), showing a year-on-year increase of 49.9% while total trading value amounted to RMB34.7 trillion (approximately RMB17.3 trillion for single-side transactions), up 86.7% year-on-year.

## BUSINESS REVIEW

### Business Model and Product Offerings

The Group is a gold jewellery original brand manufacturer in China’s gold jewellery industry, with an operation that encompasses key stages of the gold jewellery industry, from raw material sourcing and purification, R&D, product design, manufacturing to retailing through our diversified sales network. The Group is primarily engaged in (i) the production and sales of gold jewellery and other gold products; (ii) the production and sales of K-gold jewellery, diamond inlaying jewellery and other products; and (iii) the provision of services.

### Franchise Network

The Group primarily sells its products to its customers through (i) franchise network, including provincial-dealers and franchisees, and (ii) self-operated stores. As of December 31, 2024, the Group has established a comprehensive franchise network covering 2,758 franchise stores (2023: 2,817) operated by 1,631 franchisees (2023: 1,687), 17 provincial-dealers (2023: 17) and seven self-operated direct service centers serving its franchise network (2023: seven). As of December 31, 2024, the Group operated 33 self-operated stores (2023: 35).

In addition, the Group also offers its products through online means, including (i) sales to online platforms, and (ii) sales through self-operated online stores. As of December 31, 2024, the Group had operations on 12 e-commerce platforms (2023: 12).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW, OPERATING RESULTS AND ANALYSIS

### Revenue

The Group primarily derives its revenue from (i) the production and sales of gold jewellery and other gold products, (ii) the production and sales of K-gold jewellery, diamond inlaying jewellery and other products, and (iii) the provision of services. The following table sets out the breakdown of revenue by products and services during the indicated periods:

	For the year ended December 31,	
	2024 (RMB'000)	2023 (RMB'000)
<b>Sales of gold jewellery and other gold products</b>	<b>19,280,247</b>	19,877,366
<b>Sales of K-gold jewellery, diamond inlaying jewellery and other products</b>	<b>342,650</b>	225,513
<b>Other services</b>	<b>89,988</b>	105,720
<b>Total:</b>	<b>19,712,885</b>	20,208,599

### Segmental Performance Review

#### By Products and Services

##### (i) *Sales of gold jewellery and other gold products*

During the Reporting Period, revenue derived from sales of gold jewellery and other gold products amounted to RMB19,280.2 million (2023: RMB19,877.4 million), representing a year-on-year decrease of 3.0%. Such decrease was primarily attributable to a reduction in gold sales volume, which in turn was mainly due to a decline in consumer sentiment resulting from a rapid increase in gold prices in 2024.

##### (ii) *Sales of K-gold jewellery, diamond inlaying jewellery and other products*

During the Reporting Period, revenue derived from sales of K-gold jewellery, diamond inlaying jewellery and other products amounted to RMB342.7 million (2023: RMB225.5 million), representing a year-on-year increase of 52.0%. Such increase was primarily attributable to an increase in the sales volume of such products to overseas customers.

##### (iii) *Other Services*

During the Reporting Period, revenue derived from the provision of services amounted to RMB90.0 million (2023: RMB105.7 million), representing a year-on-year decrease of 14.9%. Such decrease was primarily attributable to the decrease in brand service fee collected from franchisees for provision of product labeling services. With the general decline in consumption sentiment of gold jewellery, sales volume for the year ended December 31, 2024 decreased when compared with the corresponding period in 2023. Accordingly, demand for product labeling services decreased, thereby resulting in a decrease in the brand service fee. The Group also recorded a decrease in revenue derived from provision of K-gold processing subcontracting service due to the general decrease in market demand for gold and gold-related products.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### By distribution channels

The Group generated revenue from four major distribution channels, namely: (i) franchise network; (ii) e-commerce sales; (iii) self-operated stores; and (iv) others.

#### (i) *Franchise network*

During the Reporting Period, revenue derived from sales to franchise network amounted to RMB16,491.2 million (2023: RMB18,923.2 million), of which its revenue contribution to total revenue amounted to 83.7% (2023: 93.7%), representing a year-on-year decrease of 12.9%. Revenue from franchise network included revenue derived from direct sales to franchisees and revenue derived from provincial-dealers.

During the Reporting Period, revenue derived from direct sales to franchisees amounted to RMB10,948.1 million (2023: RMB12,273.8 million), representing 55.6% (2023: 60.8%) of total revenue and a year-on-year decrease of 10.8%. Such decrease was primarily attributable to a general decline in consumption sentiment of gold products.

During the Reporting Period, revenue derived from provincial-dealers amounted to RMB5,543.1 million (2023: RMB6,649.4 million), representing 28.1% (2023: 32.9%) of total revenue and a year-on-year decrease of 16.6%. Such decrease was primarily attributable to a general decline in consumption sentiment of gold products.

#### (ii) *E-commerce sales*

During the Reporting Period, revenue from e-commerce sales amounted to RMB2,017.1 million (2023: RMB750.7 million), of which its revenue contribution to total revenue amounted to 10.2% (2023: 3.7%), representing a year-on-year increase of 168.7%. The Group adopts two types of e-commerce sales model, namely self-operated online stores and sales to platforms.

During the Reporting Period, revenue derived from self-operated online stores amounted to RMB799.3 million (2023: RMB651.4 million), representing 4.0% (2023: 3.2%) of total revenue and a year-on-year increase of 22.7%. Such increase was primarily attributable to an increase in sales of gold products associated with promotional events.

During the Reporting Period, revenue derived from sales to platforms model amounted to RMB1,217.8 million (2023: RMB99.3 million), representing 6.2% (2023: 0.5%) of total revenue and a year-on-year increase of 1,126.4%. Such increase was primarily attributable to sales of gold bullion to a leading PRC online retailer for a promotional event.

#### (iii) *Self-operated stores*

During the Reporting Period, revenue derived from sales at self-operated stores amounted to RMB329.6 million (2023: RMB412.2 million), of which its revenue contribution to total revenue amounted to 1.7% (2023: 2.0%), representing a year-on-year decrease of 20.0%. Such decrease was primarily attributable to a general decline in consumption sentiment of gold products and partially contributed by the closure of two self-operated stores.

As of December 31, 2024, the Group has established 33 self-operated stores (as of December 31, 2023: 35).

#### (iv) *Others*

Others include revenue in relation to subcontracting production for independent third party and to tailor-make products for specific customers. During the Reporting Period, revenue derived from others amounted to RMB875.0 million (2023: RMB122.5 million), of which its revenue contribution to total revenue amounted to 4.4% (2023: 0.6%), representing a year-on-year increase of 614.3%. Such increase was mainly attributable to sales of gold raw materials to independent third-parties and spring clasps products.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Cost of sales

Cost of sales primarily includes material costs, staff costs, overheads and subcontracting costs. Cost of sales during the Reporting Period amounted to RMB18,382.0 million (2023: RMB19,131.1 million), representing a year-on-year decrease of 3.9%. Such decrease was primarily attributable to a reduction in gold sales volume, which was mainly due to a decline in consumer sentiment resulting from a rapid increase in gold prices.

## Gross profit and gross profit margin

During the Reporting Period, gross profit amounted to RMB1,330.9 million (2023: RMB1,077.5 million), representing a year-on-year increase of 23.5%. Such increase was mainly due to an increase in gross profit margin in 2024. Gross profit margin for the Reporting Period was 6.8% (2023: 5.3%) and the change in gross profit margin was primarily attributable to the increasing trend of gold prices during the year ended December 31, 2024, as the Group procured gold at a low price level before the gold prices started to increase while charging its customers with the prevailing market gold prices that tends to be higher than the previous purchase cost. Such timing difference between procurement and sales transactions, coupled with the increasing trend of gold prices during the year, resulted in an increase in gross profit margin for the year ended December 31, 2024.

## Other income

Other income mainly consisted of (i) interest income from bank and other deposits; (ii) other income from franchisees and provincial dealers; (iii) rental income; and (iv) government grants. During the Reporting Period, other income amounted to RMB34.6 million (2023: RMB27.8 million), representing a year-on-year increase of 24.5%. Such increase was primarily attributable to a government incentive grant for cultural development purpose.

## Distribution and selling expenses

Distribution and selling expenses mainly consisted of staff costs, media advertising and promotion expenses. During the Reporting Period, selling and distribution expenses amounted to RMB229.2 million (2023: RMB257.3 million), representing a year-on-year decrease of 10.9%, which was mainly due to a decrease in media advertising and promotion expenses and a decrease in staff costs as a result of decreased commission payments due to a decrease in revenue.

## Research and development expenses

Research and development expenses mainly consisted of staff costs and consumables such as raw materials for use in research and development and parts and components of machinery. During the Reporting Period, the Group recorded a research and development expenses of RMB22.4 million (2023: RMB17.5 million), representing a year-on-year increase of 28.0%. Such increase was primarily attributable to an increase in (i) research and development expenses of molds and equipment, particularly for spring clasps equipment, (ii) research and development expenses of product design styles and (iii) the expenses for intellectual property application fees and agency fees.

## Administrative expenses

Administrative expenses mainly represented (i) staff costs; (ii) depreciation and amortization; and (iii) office expenses.

During the Reporting Period, administrative expenses amounted to RMB103.4 million (2023: RMB79.8 million), representing a year-on-year increase of 29.6%, which was mainly due to the Group's relocation to the new production facility resulting in higher depreciation and amortization costs and hiring of additional administrative staff.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Other expenses and other gains and losses, net

Other expenses and other gains and losses, net mainly comprise (i) direct operating expenses incurred for investment properties; (ii) realized gains or losses on Au (T+D) contracts; (iii) realized gains or losses on gold loans; and (iv) unrealized gains or losses on gold loans. During the Reporting Period, other expenses and other gains and losses, net amounted to RMB649.4 million (2023: RMB378.5 million), representing a year-on-year increase of 71.6%, which was mainly due to an increase in losses incurred in connection with Au (T+D) contracts and gold loans.

## Finance costs

Finance costs represented (i) interest on borrowings; (ii) interest on gold loans; (iii) interest on discounted bills payables; and (iv) interest on lease liabilities.

During the Reporting Period, finance costs amounted to RMB71.5 million (2023: RMB63.1 million), representing a year-on-year increase of 13.3%, which was mainly attributable to an increase in interest on borrowings in the sum of RMB18.9 million and partially offset by a decrease in interest on discounted bills payables in the amount of RMB7.5 million as the Group reduced the use of such bills for procurement settlements purposes.

## Impairment losses under expected credit loss model, net

Impairment losses under expected credit loss model, net mainly represented impairment losses, net recognized on (i) trade receivables; and (ii) other receivables.

During the Reporting Period, the Group had impairment losses under expected credit loss model, net of RMB5.3 million (2023: RMB1.1 million), representing a year-on-year increase of 381.8%.

## Listing expenses

During the Reporting Period, listing expenses amounted to RMB14.6 million (2023: RMB2.8 million), representing a year-on-year increase of 421.4%, which was mainly attributable to an increase in the expenses in connection with the listing of H Shares on the Hong Kong Stock Exchange, such as underwriting commissions and professional fees paid to the accountants, legal advisers and other professional advisers for the services rendered.

## Profit before tax

During the Reporting Period, profit before tax amounted to RMB269.8 million (2023: RMB305.1 million), representing a year-on-year decrease of 11.6%, which was mainly due to an increase in net realized loss on Au (T+D) contracts resulting from the rapid increase in gold prices during 2024.

## Income tax expense

During the Reporting Period, income tax expense was RMB69.0 million (2023: RMB71.6 million) and effective tax rate was 25.6% (2023: 23.5%).

## Profit and total comprehensive income for the year

During the Reporting Period, the Group recorded profit and total comprehensive income for the year of RMB200.7 million (2023: RMB233.5 million), representing a year-on-year decrease of 14.0%, which was mainly due to the reasons above.

## Profit and total comprehensive income attributable to owners of the Company

During the Reporting Period, the Group recorded a profit and total comprehensive income attributable to owners of the Company of RMB189.4 million (2023: RMB230.4 million), representing a year-on-year decrease of 17.8%.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL POSITION REVIEW

### Assets

As of December 31, 2024, the Group's total assets amounted to RMB4,934.6 million, with total liabilities of RMB2,457.0 million and shareholders' equity of RMB2,477.6 million.

### Inventories

Inventories mainly included raw materials, work in progress, finished goods, goods in transit, consigned processing materials and consumables. As of December 31, 2024, inventories amounted to RMB2,544.3 million (2023: RMB2,169.6 million), representing a year-on-year increase of 17.3%, which was primarily caused by an increase in inventories of raw materials, which in turn was mainly a result of an increase in gold prices.

### Trade receivables

Trade receivables primarily represented receivables from customers of the Group. As of December 31, 2024, trade receivables amounted to RMB276.4 million (2023: RMB150.5 million), representing a year-on-year increase of 83.7%, which was primarily attributable to a credit extension policy the Group offered to selected franchisees with strong payment history, wherein the trade receivable credit periods were extended after careful consideration. At the same time, the Group seeks to maintain strict control over outstanding trade receivables and to review overdue balances regularly.

### Prepayments, deposits and other receivables

Prepayments, deposits and other receivables mainly represented deductible input VAT and right to returned goods asset. Deductible input VAT was mainly in relation to procurement of property, plant and equipment. Right to returned goods asset represented the gold lending arrangement to customers to replenish their inventories when they have urgent needs and the return policy of the Group's diamond inlaying jewellery products. As of December 31, 2024, current prepayments, deposits and other receivables amounted to RMB395.5 million (2023: RMB399.4 million), representing a year-on-year decrease of 1.0%, which was primarily caused by a decrease in rights to returned goods asset, which was in line with the decrease in sale volume of the Group's gold products.

### Pledged/restricted deposits

Pledged and restricted deposits mainly consisted of deposits pledged to banks to secure banking facilities, security deposits for issuance of notes payable, security deposits for gold loans, security deposits for gold trading accounts and others. As of December 31, 2024, pledged/restricted deposits amounted to RMB466.6 million (2023: RMB528.8 million).

### Cash and cash equivalents

As of December 31, 2024, cash and cash equivalents amounted to RMB556.2 million (2023: RMB155.9 million). Such increase was mainly attributable to the unutilized net proceeds from the issue of H Shares under the global offering as set out in the Prospectus.

### Trade and bills payables

Trade payables primarily related to purchase of raw materials and finished goods and are non-interest bearing. Bills payables were in relation to bank bills that were applied to settle with an independent third-party supplier for procurement of gold materials from it. All bills payable by the Group were with a maturity period of less than one year.

As of December 31, 2024, trade and bills payable amounted to RMB394.1 million (2023: RMB511.8 million), representing a year-on-year decrease of 23.0%, which was primarily caused by a decrease in usage of bills payables to settle for procurement of raw materials.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Other payables and accruals

Other payables and accruals mainly represented deposits received, salaries, welfare and bonus payable, accrued expenses, and other tax payable. As of December 31, 2024, other payables and accruals amounted to RMB144.4 million (2023: RMB139.1 million), representing a year-on-year increase of 3.8%, which was caused by an increase in listing expenses payable.

### Contract liabilities

Contract liabilities represented the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The contract liabilities were expected to be recognized as revenue in the next 12 months. The contract liabilities arose when customers made advance payment to the Group for their purchases, which the customers can fix the purchase price of the gold jewellery to be purchased in advance. As of December 31, 2024, contract liabilities amounted to RMB106.1 million (2023: RMB42.2 million), representing a year-on-year increase of 151.4%, which was primarily attributable to part of the Group's promotional policy, under which franchisees made advanced payments to secure priority in selecting gold jewellery products during the Chinese New Year gold sales season.

### Gold loans

The Group borrows gold from commercial banks for three months to 12 months and pays a fixed fee to bank for the duration of the contract based on the value of gold at inception and relevant interest rates at inception. As of December 31, 2024, gold loans amounted to RMB359.1 million (2023: RMB502.5 million), representing a year-on-year decrease of 28.5%, which was generally in line with the slower sales of gold products.

### Refund liabilities

Under the Group's standard contract terms, except for closures of stores, franchisees have no right to return any goods after their acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within five years. Revenue is recognized for sales when it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. Conversely, if the goods are expected to be exchanged, a refund liability, instead of revenue, is recognized. Simultaneously, the Group recognizes a right to returned goods asset, measured at the carrying amount of the inventories sold less any expected costs to recover the goods, with a corresponding adjustment to the cost of sales. As of December 31, 2024, the Group recorded refund liabilities of RMB49.5 million (2023: RMB71.3 million), representing a year-on-year decrease of 30.6%, which was primarily caused by slower sales in diamond inlaying jewellery products.

### Capital expenditures

As of December 31, 2024, the Group had capital expenditure of RMB165.1 million (2023: RMB101.1 million) primarily for property, plant and equipment, leasehold lands and intangible assets.

### Capital commitments

As of December 31, 2024, the Group had capital commitment of RMB5.4 million (2023: RMB8.3 million) in respect of property, plant and equipment.

### Contingent liabilities

The Group had no significant contingent liabilities, litigation or arbitration of material importance as of December 31, 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of December 31, 2024, the Group had total assets of RMB4,934.6 million (2023: RMB4,021.0 million) and interest-bearing borrowings of RMB1,348.9 million (2023: RMB790.0 million), representing a gearing ratio, defined as total borrowings divided by total equity, of 54.4% (2023: 41.1%).

As of December 31, 2024, the Group had net current assets of RMB1,996.5 million (2023: RMB1,352.9 million) consisted of current assets of RMB4,238.9 million (2023: RMB3,404.2 million) and current liabilities of RMB2,242.4 million (2023: RMB2,051.3 million), representing a current ratio of 1.9 times (2023: 1.7 times).

As of December 31, 2024, the Group had cash and cash equivalents and pledged/restricted bank deposits of RMB1,022.8 million (2023: RMB684.7 million). As of December 31, 2024, the Group had cash and cash equivalents of RMB556.2 million (2023: RMB155.9 million).

As of December 31, 2024, the Group's borrowings amounted to RMB1,348.9 million (as of December 31, 2023: RMB790.0 million), which were mainly borrowings in RMB, among which all adopted fixed interest rates. The increase in borrowings of the Group was mainly used for general/operational needs.

## OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Save as disclosed herein, there had been no significant events which would materially affect the Group's operating and financial performance during the Reporting Period.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not have any significant investment, material acquisitions or disposal of subsidiaries, associates or joint ventures since the Listing Date and up to December 31, 2024.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of December 31, 2024, save as disclosed in the Prospectus and herein, the Group had no plan for any material investment, disposal of or addition of capital assets.

## PLEDGE OF ASSETS

As of December 31, 2024, (i) the carrying amount of property, plant and equipment of RMB293.1 million (2023: RMB205.5 million) were pledged to banks as collaterals for the Group's borrowings, bills payable and gold loans; (ii) the carrying amount of leasehold lands of RMB3.4 million (2023: RMB3.5 million) were pledged to banks as collaterals for the Group's borrowings; (iii) the carrying amounts of investment properties of RMB32.1 million (2023: RMB34.9 million) were pledged to banks as collaterals for the Group's borrowings; (iv) the carrying amount of pledged/restricted deposits of the Group of RMB279.7 million (2023: RMB327.3 million) were pledged to banks as collaterals for the Group's borrowings, gold loans and bills payable and (v) the carrying amount of trade receivables of the Group of RMB5.3 million (2023: nil) were pledged to banks as collaterals for the Group's borrowings.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 14, 2025, the Board passed resolutions, among others, on (i) the appointment of Mr. BAI Xianyue as the chairman of the Nomination Committee, (ii) the proposed adoption of a share award scheme for the H Shares (the “**Share Award Scheme**”); (iii) the proposed amendments of certain provisions of the Articles of Association; and (iv) the proposed implementation of the H Share full circulation. On February 10, 2025, the Company’s first 2025 extraordinary general meeting were held. Each of the following resolutions was duly passed as a special resolution of the Company:

- the adoption of the Share Award Scheme
- the authorisation to the Board and/or its authorised person to handle all matters relating to the Share Award Scheme
- the amendments to the Articles of Association

For further details, please refer to the announcements of the Company dated January 14, 2025 and February 10, 2025 and the circular of the Company dated January 15, 2025.

The Company has received a filing notice dated April 3, 2025 issued by the China Securities Regulatory Commission in respect of the H Share full circulation and has received the approval granted by the Hong Kong Stock Exchange dated April 14, 2025, for the listing of, and permission to deal in 164,760,000 H Shares. For further details, please refer to the announcements of the Company dated April 3, 2025 and April 14, 2025.

Save as disclosed above, there was no other significant event after the Reporting Period.

## MARKET RISKS

The Group is exposed to various types of market risks from changes in market, such as commodity price risk, interest rate risk and risk of change in economic development.

### Commodity Price Risk

A significant decline in prices of gold could adversely affect the Group’s financial performance. In order to reduce the commodity price risk, the Group uses gold loans as well as derivative financial instruments of gold contracts, such as Au (T+D) contracts, to reduce its exposure to fluctuations in the gold price on gold products. Should the gold price go up, the Group would recognize a loss representing the increase in gold price compared to the contract price, and largely net against the increase in turnover of gold products as a result of gold price increase.

### Interest Rate Risk

The Group’s exposure to fair value interest rate risk relates primarily to pledged/restricted deposits, fixed-rate borrowings, gold loans and lease liabilities. The Group’s exposure to cash flow interest rate risk are mainly concentrated on the fluctuation of interest rates on bank balances, which carry prevailing market interest rates. The Group manages interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the Reporting Period.

### Risk of Change in Economic Development

The Group’s business is particularly sensitive to the economic development and the purchasing power of consumers in the PRC. Economic growth in the PRC over the past three decades has led to substantial growth in personal disposable income and has resulted in increasing purchasing power and greater demand for discretionary consumer products. Demand for gold jewellery products depends, in part, on the income and spending patterns of end consumers, which are affected by prevailing economic conditions. The Group intends to continuously develop and offer products with various designs and characteristics across different product categories that align with regional market trends and meet with consumers preferences.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

### Mr. WANG Zhongshan

Mr. Wang Zhongshan (王忠善, formerly known as Wang Zhongshan (王中善)), aged 61, is the founder of the Company. He was appointed as a Director and chairman of the Board in June 2018 and re-designated as an executive Director in September 2023. Mr. Wang serves as director or management in certain subsidiaries of the Company, such as Tianjin Mokingran, Shandong Mokingran, Changle Chengxin, Hong Kong Mokingran and Nanjing Mokingran. Mr. Wang is responsible for overseeing the overall business development, and formulating and implementing business strategies of the Group.

Mr. Wang has more than 20 years of experience in gold jewellery industry and has been committed to gold jewellery crafting skills for years. Prior to founding the Group in 2000, Mr. Wang first acted as an apprentice and was engaged in gemstone inlay and processing work in the 1990s, accumulating valuable industry experience. In recognition of Mr. Wang's gold jewellery craftsmanship and contribution to the jewellery industry, he was named as one of the List of Fifth Batch of Inheritors of Provincial Intangible Cultural Heritage of Shandong Province in October 2018, recognized as the first folk art master in Weifang in January 2013, and awarded with "Individual with Outstanding Contribution in Jewellery Industry of 40th Years of China's Reform and Opening up" in December 2018.

Mr. Wang obtained a master of Business Administration training certificate from Taishan Management School in June 2014.

Mr. Wang is the spouse of Ms. Zhang Xiuqin, an executive Director, the father of Mr. Wang Guoxin, the General Manager, and Ms. Wang Na, a Controlling Shareholder.

### Ms. ZHANG Xiuqin

Ms. Zhang Xiuqin (張秀芹), aged 59, was appointed as a Director in December 2000, served as an executive Director and general manager of the Company from December 2000 to May 2011, as a Supervisor from May 2011 to August 2018, and as an executive Director and general manager from June 2018 to September 2023, and was re-designated as an executive Director and appointed as the vice chairman of the Board since September 2023. Ms. Zhang also serves as director or management in certain subsidiaries of the Company, such as Jinan Chengxin, Shandong Yifu, Shandong Mokingran, Shenzhen Mokingran and Hong Kong Mokingran. Ms. Zhang is responsible for formulating and implementing business strategies, daily management and operation of the Group.

Ms. Zhang has accumulated more than 20 years of working experience in gold jewellery industry. From 1999 to 2003, Ms. Zhang was self-employed and was engaged in gemstone inlay and raw materials processing business.

Ms. Zhang obtained a master of Business Administration training certificate from Taishan Management School in June 2014.

Ms. Zhang is the spouse of Mr. Wang Zhongshan, an executive Director, and the mother of Mr. Wang Guoxin, the General Manager, and Ms. Wang Na, a Controlling Shareholder.



## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

### Ms. JIANG Liying

Ms. Jiang Liying (姜麗英), aged 75, was appointed as a Director and vice general manager of the Company in June 2018 and re-designated as an executive Director in September 2023. She joined the Group with her prior industry experience in September 2000, initially serving as a factory director of the production department, and then as a factory director of the production department of Shandong Mokingran from May 2004 to August 2007, and a vice general manager of Shandong Yifu from September 2007 to June 2015. Ms. Jiang is responsible for the production management and operation of the Group.

Ms. Jiang has more than 20 years of working experience in gold jewellery manufacturing industry. Prior to joining the Group, Ms. Jiang worked in Qingdao Xinxing Metal Products Factory (青島新興金屬製品廠) and retired in February 1996.

Ms. Jiang studied and obtained a graduate certificate from the Technical Secondary School for Cadres and Workers of Sifang District of Qingdao City (青島市四方區幹部職工中等專業學校) in April 1992.

### Mr. WANG Zegang

Mr. Wang Zegang (王澤綱), aged 45, was appointed as a Director, vice general manager and secretary of the Board in June 2018, re-designated as an executive Director in September 2023 and appointed as a joint company secretary in September 2023. He is primarily responsible for the Group's investment, financing, information disclosure, investor relations of the Group.

Prior to joining the Group, Mr. Wang served successively as a director of the customer service center and securities management department, a vice general manager, secretary of the board and chief financial officer of Shandong Mining Machinery Group Co., Ltd. (山東礦機集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002526) (the principal business of which is production and sales of specialized equipment), and was responsible for matters such as board of directors office and finance management center from March 2007 to December 2015.

Mr. Wang studied Chinese language and literature in and graduated from Shandong Normal University in June 2004 and obtained an engineering master degree in project management from Qingdao University of Science and Technology in June 2015.

Mr. Wang obtained the certificate of board secretary qualification issued by the Shanghai Stock Exchange in December 2011 and the certificate of board secretary qualification issued by the Shenzhen Stock Exchange in May 2013.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. WANG Gongyong

Mr. Wang Gongyong (王貢勇), aged 52, was appointed as an independent Director in June 2018 and re-designated as an independent non-executive Director in September 2023. He is responsible for providing independent judgment and advice to the Board on the operation and management of the Group.

Mr. Wang has more than 10 years of financial accounting experience. He is a partner of Shinewing Certified Public Accountants LLP. Mr. Wang obtained the qualification of senior accountant in December 2020.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Wang was an independent director of Dongfang Electronics Co., Ltd. (東方電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000682), from May 2021 to June 2024 and currently is an independent director of the following two listed companies whose shares are listed on the Shenzhen Stock Exchange. Details are as follows:

Name of listed company	Stock Code	Tenure
Shandong Sino-Agri Union Biotechnology Co., Ltd. (山東中農聯合生物科技股份有限公司)	003042	From August 2012
Sinopec Shandong Taishan Petroleum Co., Ltd. (中國石化山東泰山石油股份有限公司)	000554	From June 2022

Mr. Wang obtained a master's degree of business administration from Shandong University in June 2011.

### Mr. SHA Nali (*resigned with effect from December 31, 2024*)

Mr. Sha Nali (沙拿利), aged 47, was appointed as an independent Director in June 2018 and re-designated as an independent non-executive Director in September 2023. He was responsible for providing independent judgment and advice to the Board on the operation and management of the Group.

He is the director of the Membership Department and deputy secretary-general of Gems & Jewellery Trade Association of China. Mr. Sha serves as an executive director of GACC (中寶協(北京)基金管理有限公司). Mr. Sha was elected as the chairman of Beijing Jewellery Academy Alumni Association Branch of Alumni Association of China University of Geosciences (中國地質大學校友會北京珠寶校友分會) in April 2019. From December 2013 to January 2018, Mr. Sha served as a supervisor of Weiyu Boutique (Beijing) Jewellery Co., Ltd. (惟優精品(北京)珠寶有限公司). From March 2017 to April 2019, he served as a supervisor of GAC (Beijing) Media Technology Co., Ltd. (中寶協(北京)傳媒科技有限公司). And from April 2017 to July 2019, he served as a supervisor of GAC (Beijing) Jewellery Culture Co., Ltd. (中寶協(北京)珠寶文化有限公司). Since January 2023, he has served as an executive director of Sanya Guanyi Fashion Industry Development Co., Ltd. (三亞觀逸時尚產業發展有限公司).

Mr. Sha obtained a master's degree of science in mineralogy, petrology and mineral deposits from China University of Geosciences, Beijing in July 2005 and an engineering doctor's degree in geological resources and geological engineering (economics of resource industry) from China University of Geosciences, Beijing in June 2020.

Mr. Sha has obtained the Fund Practicing Qualification Certificate issued by the Asset Management Association of China and the Securities Practitioner Qualification Certificate issued by the Securities Association of China in April 2018 and September 2017, respectively.

### Mr. HUANG Fangliang

Mr. Huang Fangliang (黃方亮), aged 57, was appointed as an independent Director in June 2018 and was re-designated as an independent non-executive Director in September 2023. He was responsible for providing independent judgment and advice to our Board on the operation and management of the Group.

Mr. Huang has more than 10 years of financial and accounting experience. He has served as a professor and postgraduate tutor of the School of Finance, the president of Digital Economy Academy and the director of Capital Management Institute of Shandong University of Finance and Economics since March 5, 2012. Mr. Huang has served as an arbitrator of Jinan Arbitration Commission since May 2013.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Huang is an independent director of the following three listed companies whose shares are listed on the Shenzhen Stock Exchange, details of which are as follows:

Name of listed company	Stock Code	Tenure
Shandong Denghai Seed Industry Co., Ltd. (山東登海種業股份有限公司)	002041	From April 2019
Shandong Weifang Rainbow Chemical Co., Ltd. (山東濰坊潤豐化工股份有限公司)	301035	From September 2019
Shandong Link Science and Technology Co., Ltd. (山東聯科科技股份有限公司)	001207	From March 2020

Mr. Huang was an independent director of Sublime China Information Co., Ltd. (山東卓創資訊股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 301299) from June 2017 to May 2023.

Mr. Huang obtained an economics doctor's degree in history of economic thought from Fudan University in June 2006.

Mr. Huang has obtained the qualification certificate of independent directors issued by the Shanghai Stock Exchange in October 2013.

### Mr. BAI Xianyue

Mr. Bai Xianyue (白顯月), aged 54, was appointed as an independent non-executive Director in August 22, 2024. He was responsible for providing independent judgment and advice to the Board on the operation and management of the Group. Mr. Bai confirmed that he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 19, 2024; and (ii) understood his obligations as a director of a listed issuer under the Listing Rules.

Mr. Bai Xianyue has been practicing as a licensed lawyer in China for over 20 years. He has been an independent director of First Futures Co., Ltd. (一德期貨有限公司) since April 2016 and has been a partner of Grandall Law Firm (Tianjin) (國浩(天津)律師事務所) since January 2019.

Mr. Bai has been appointed as an arbitrator on the roster of China International Economic and Trade Arbitration Commission (CIETAC), Hong Kong International Arbitration Centre (HKIAC), Court of Arbitration for Sport (CAS), Asian International Arbitration Centre (AIAC), International Commercial Dispute Prevention and Settlement Organization (ICDPASO), Beijing Arbitration Commission, Shanghai International Arbitration Centre, Shenzhen Court of International Arbitration and other arbitration institutions; and concurrently he is a member of the Arbitration Committee of the International Chamber of Commerce (ICC). He served as one of the six arbitrators on the Ad Hoc Arbitral Tribunal for the 18th Asian Games held in Indonesia in 2018 and as one of the nine arbitrators on the Ad Hoc Arbitral Tribunal for the Beijing 2022 Winter Olympics from January to February 2022.

Mr. Bai obtained the Degree of Advanced Studies Master of Laws granted by Katholieke Universiteit Leuven in July 2003 and the Degree of Magister Juris granted by the Lincoln College, the University Offices, Oxford in July 2006. Mr. Bai was awarded the title of third grade lawyer (三級律師職稱) in December 2023 by the Tianjin Municipal Human Resources and Social Security Bureau (天津市人社局).

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

## SUPERVISORS

### Mr. ZHANG Xin

Mr. Zhang Xin (張鑫), aged 57, was appointed as the chairman of the Board of Supervisors in June 2018, responsible for supervising the Board and senior management. From June 2018, Mr. Zhang served as the manager of administrative management department of the Company, responsible for administrative management. From March 2014 to June 2018, he served as the administration manager of Shandong Yifu, responsible for administrative management.

Mr. Zhang completed professional course of industrial enterprise management from Shandong University of Technology in July 1996 and obtained a bachelor's degree in administrative management from Central Party School of the Communist Party of China in December 2003.

### Mr. LI Hu

Mr. Li Hu (李虎), aged 39, was appointed as our Supervisor in June 2018, responsible for supervising the Board and senior management.

Mr. Li served as the manager of market inspection department of Shandong Mokingran since September 2019, responsible for regulating market and the operation of franchisees under contracts. Mr. Li worked as the secretary of the chairman of Shandong Mokingran from June 2014 to September 2015, responsible for assisting the chairman. Prior to joining the Group, Mr. Li worked in Qingdao Junyi Holding Group Co., Ltd. (青島君一控股集團有限公司, formerly known as Qingdao Haier Real Estate Development and Investment Co., Ltd. (青島海爾房地產開發投資有限公司), Qingdao Haier Real Estate Group Co., Ltd. (青島海爾房地產集團有限公司), and Qingdao Haier Chengchuang Group Co., Ltd. (青島海爾產城創集團有限公司) from July 2011 to August 2013, and worked in Dongying Keying Real Estate Co., Ltd. (東營科英置業有限公司, formerly known as Dongying Keying Laser Electronics Co., Ltd. (東營科英雷射電子有限公司)) from December 2013 to November 2016.

Mr. Li obtained his bachelor's degree majoring in business administration (English-medium courses) from China University of Geosciences (Wuhan) in June 2009, and obtained his master's degree in management (major in business administration) from China University of Geosciences (Wuhan) in June 2011.

### Mr. WANG Yanpeng

Mr. Wang Yanpeng (王艷鵬), aged 40, was appointed as our employee Supervisor in June 2018, responsible for supervising the Board and senior management. Mr. Wang served as a manager of purchasing department of the Company since September 2016. Prior to joining the Group, Mr. Wang served as a project manager of Hangzhou Branch of Shandong Geo-Surveying & Mapping Institute from August 2007 to February 2011. Mr. Wang successively served as an officer of administration department, the manager of inspection department, and the manager of procurement department of Shandong Yifu from March 2011 to August 2016.

Mr. Wang obtained a college degree in engineering of surveying and mapping from Shandong University of Science and Technology in June 2007.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

## SENIOR MANAGEMENT

### Mr. WANG Guoxin

Mr. Wang Guoxin (王國鑫), aged 35, joined the Group in February 2016 as the commissioner to the administration department of Shenzhen Mokingran, and then successively served as a channel commissioner of the channel management department, a director assistant of direct service management department and a director of the product planning department. He was appointed as a deputy general manager of the Company in September 2018 and a marketing director of the Company in November 2019. He was appointed as a deputy general manager and marketing director in September 2022 and a general manager in September 2023, responsible for formulating and implementing business strategy, daily management and operation of the Group. Mr. Wang has also served as a general manager of Guangdong Mokingran since August 2019.

Mr. Wang obtained a junior college diploma in International Trade Practice from Shandong University of Finance (山東財政學院) in June 2011 and a master's degree of science in International Finance from Edinburgh Napier University in October 2014.

Mr. Wang is the son of Mr. Wang Zhongshan and Ms. Zhang Xiuqin, executive Directors and the brother of Ms. Wang Na, a Controlling Shareholder.

### Mr. WEN Shuqing

Mr. Wen Shuqing (溫書慶), aged 57, served as a director of the Marketing Department of Shandong Mokingran from March 2007 to June 2018, responsible for marketing operation and risk control management of the Group.

Mr. Wen has more than 30 years of experience in gold jewellery industry, serving as a deputy chief secretary of Gems & Jewellery Trade Association of Shandong Province (山東省珠寶玉石首飾行業協會) since November 2017 and a vice chairman of Shandong Gem and Jade Chamber of Commerce (山東省寶玉石商會). Prior to joining the Group, Mr. Wen worked in the jewellery and gold shop of Shandong Province Gold Industry Company (山東省黃金工業總公司珠寶金行) from July 1991 to September 1996. Mr. Wen worked at Shandong Industrial Company from September 1996 to December 2003 and Shandong Gold Xinyi Jewellery Co., Ltd. (山東黃金鑫意首飾有限公司) from January 2004 to May 2007.

Mr. Wen completed his undergraduate studies majoring in statistics and accounting in Shandong Institute of Economics (山東經濟學院) in July 1998.

### Mr. ZHANG Libai

Mr. Zhang Libai (張理柏), aged 48, was appointed as a vice general manager and chief financial officer of the Company on June 22, 2018. Mr. Zhang is responsible for financial management.

Mr. Zhang has approximately 20 years of experience in finance and auditing. Mr. Zhang joined the Company in March 2014, initially as a director of the audit department and was subsequently promoted to chief financial officer in August 2014. Prior to joining the Group, from May 2005 to February 2011, he had worked in Johnson Electric (ShenZhen) Co., Ltd. (德昌電機(深圳)有限公司) and Shenzhen Daier Jewellery Co., Ltd. (深圳市代而珠寶有限公司).

Mr. Zhang obtained a bachelor's degree in law in sociology from Huazhong Agricultural University in June 2002. He has been qualified as a certified public accountant in China since December 2009, a certified tax accountant since June 2006 and an internationally certified internal auditor since November 2009.



# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors hereby presents the annual report and the audited financial statements of the Group (the “**Financial Statements**”) for the year ended December 31, 2024 to Shareholders.

## COMPOSITION OF THE BOARD OF DIRECTORS

As of December 31, 2024, the Board consisted of the following seven Directors:

### Executive Directors

Mr. WANG Zhongshan (*Chairman*)  
Ms. ZHANG Xiuqin  
Ms. JIANG Liying  
Mr. WANG Zegang

### Independent Non-executive Directors

Mr. WANG Gongyong  
Mr. HUANG Fangliang  
Mr. BAI Xianyue

## Composition of the Board of Supervisors

During the Reporting Period, the Company has the following three Supervisors:

Mr. ZHANG Xin (*Chairman*)  
Mr. LI Hu  
Mr. WANG Yanpeng

## PRINCIPAL BUSINESS

The Company is a gold jewellery original brand manufacturer in China's gold jewellery industry, with an operation that encompasses key stages of the gold jewellery industry, from raw material sourcing and purification, R&D, product design, manufacturing to retailing through our diversified sales network. For further information of the principal business of the Company, please refer to the section “Business Review” of this annual report.

## BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2024, which includes an analysis of the Company's performance using financial key performance indicators, particulars of important events affecting the Company during the year ended December 31, 2024, an indication of likely future developments in the Company's business and relationships with stakeholders as required under Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong), could be found in the sections headed “Chairman's Statement”, “Management Discussion and Analysis” and “Corporate Governance Report” in this annual report. The review and discussion form part of this Directors' Report.

# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## POTENTIAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into the following:

- Our business and future growth prospects rely on consumer demand for our products.
- Any changes in market trends, consumers' demand or preferences, may materially and adversely affect our business and results of operations.
- We have limited control over the operations of our franchisees.
- We may not be able to protect our trade name and other intellectual property rights or if we face any negative publicity.
- Our production machinery and technical know-how may become out-of-date which may affect our business, financial conditions and results of operations.
- Fluctuation of raw material prices could adversely affect our business, financial conditions and results of operations.
- We may not be successful in utilizing gold price exposure management method to manage the fluctuations in gold price.

## MAJOR CUSTOMERS AND SUPPLIERS

In the Reporting Period, the Company's customers mainly consist of provincial-dealers and franchisees. In the Reporting Period, the largest customer accounted for 6.0% of the Company's total revenue. The Company did not rely on any single customer during the Reporting Period. The Company's five largest customers accounted for less than 30% of the Company's total revenue.

In the Reporting Period, the Company's largest suppliers accounted for 78.6% of the Company's total purchase. The Company's five largest suppliers accounted for 97.1% of the Company's total purchase.

None of the Directors and Supervisors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Company's five largest suppliers or the Company's five largest customers.

## FINAL DIVIDEND

The consolidated results of the Group during the Reporting Period are set out on page 120 of this annual report.

As of December 31, 2024, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

The Board proposed to declare a final dividend of RMB0.3 per Share (before tax) (representing an aggregate amount of RMB81.9 million (before tax) based on the total issued Shares of the Company as of the date of this annual report) for the year ended December 31, 2024.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The aforesaid dividend distribution proposal is subject to the consideration and approval at the annual general meeting of the Company (“AGM”) to be convened on May 16, 2025. If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2024 will be paid no later than two months after the AGM to the Shareholders. The Company will separately announce the exact expected dividend payment date. The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars to the holders of H Shares, the exchange rate of which will be calculated based on the exchange rate of Renminbi against Hong Kong dollars as announced by the People’s Bank of China on the business day prior to the AGM.

### DIVIDEND TAX

According to the Law on Enterprise Income Tax of the People’s Republic of China 《(中華人民共和國企業所得稅法)》 which came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《(關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知)》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on November 6, 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold and pay 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise Shareholders whose names appear on the Register of Members of H Shares, i.e. any Shareholders who hold H Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organisations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangement). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant tax treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui han [2011] No. 348) 《(關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知)》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Nonresident Taxpayers (State Administration of Taxation Announcement 2015, — 35 — No. 60) 《(非居民納稅人享受稅收協議待遇管理辦法)》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities. If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

### CLOSURE OF THE REGISTER OF MEMBERS

#### (a) Eligibility for Attending and Voting at the AGM

The register of members of the Company will be closed from Tuesday, May 13, 2025 to Friday, May 16, 2025 (both days inclusive) during which period no transfer of shares will be effected. In order to be entitled to attend the AGM of the Company, holders of H Shares are required to lodge their transfer forms accompanied by their share certificates and other applicable documents with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, May 12, 2025.

#### (b) Eligibility for Receiving the Proposed Final Dividend

Subject to the approval of the resolution for the proposed final dividend by the Shareholders at the AGM, the register of members of the Company will be closed from Thursday, May 22, 2025 to Tuesday, May 27, 2025 (both days inclusive), during which no transfer of shares will be effected. To be eligible for receiving the proposed final dividend, holders of H Shares whose transfer documents have not been registered are required to deposit all completed documents relating to share transfer accompanied by the relevant share certificates to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, May 21, 2025.

### FINANCIAL STATEMENTS

The financial statements of the Group for the current financial year is set out on pages 120 to 186 of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements on pages 156 to 157 of this annual report.

### PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and included such valuation in the Prospectus and those property interests are not stated at valuation (or at subsequent valuation) in the consolidated financial statements. The valuation of the property interests of the Group as of August 31, 2024 was RMB119.0 million as included in the Prospectus. Had the property interests been stated at such valuation, no additional depreciation would be charged against the statement of comprehensive income during the year ended December 31, 2024.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### LOAN AND GUARANTEE PROVIDED TO DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS OF THE COMPANY AND THEIR RESPECTIVE CONNECTED PERSONS

During the Reporting Period, the Company had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

### SHARE CAPITAL

As of December 31, 2024, the total share capital of the Company was RMB273,023,466, divided into 273,023,466 Shares of RMB1.00 each. Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 32 to the consolidated financial statements on page 172 of this annual report.

### PURCHASE, SALE AND/OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The H Shares had not yet been listed on the Hong Kong Stock Exchange during the period from January 1, 2024 (i.e. commencement date of the Reporting Period) and up to the Listing Date. During the period from the Listing Date to December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### DEBENTURES AND CONVERTIBLE BONDS IN ISSUE

The Group did not have any debentures and/or convertible bonds in issue for the year ended December 31, 2024.

### EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Group did not enter into any equity-linked agreement, nor did the Group have any equity-linked agreement.

### PRE-EMPTIVE RIGHTS AND TAXATION RELIEF OR EXEMPTION

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

### RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 123 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 43 to the consolidated financial statements on page 186 of this annual report.



# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's distributable reserves, calculated in accordance with PRC rules and regulation, were RMB349.5 million.

## SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float from the Listing Date and up to Latest Practicable Date.

## COMPLIANCE WITH THE CG CODE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 99 to 114 of this annual report.

## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a framework for motivating staff, and contributes to the community in which we conduct our businesses and creating a sustainable return to the Group. During the Reporting Period, to the best of the Directors' knowledge, the Group had not experienced any material environmental incidents arising from its operation. During the Reporting Period, no material administrative sanctions or penalties were imposed upon the Group's operation for the violation of environmental laws or regulations which had an adverse impact on its operation.

For further details of the Company's environmental policies and performance, please refer to the Environmental, Social and Governance report which forms part of this annual report.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, the Supervisors and the senior management of the Company are set out on pages 17 to 22 in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

Pursuant to Rule 13.51(B) of the Listing Rules, there is no other change in the information of Directors, Supervisors or the chief executive of the Company except as disclosed in this annual report.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company have entered into a service agreement or an appointment letter with each of the Directors and Supervisors which contains provisions in relation to, among other things, (i) compliance of relevant laws and regulations; and (ii) observance of the Articles of Association. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with the Articles of Association and the applicable rules.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Save as the above, none of the Directors or Supervisors has entered into any service agreements or appointment letters with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation.

### COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Company are set out in notes 12 and 13 to the consolidated financial statements on pages 152 to 155 of this annual report. The emolument payable to Directors and Supervisors will depend on the contractual terms stated in their service agreement or appointment letter and is fixed by the Board, taking into account (i) the Remuneration Committee's recommendations; (ii) their duty, responsibility and performance; and (iii) prevailing market conditions.

For the Reporting Period, no emoluments were paid by the Company to any Directors, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2024.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Period, by the Company to or on behalf of any of the Directors or Supervisors.

### EMPLOYEES AND REMUNERATION POLICIES

We recognize the importance of talent for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As of December 31, 2024, we had 1,884 (2023: 1,997) full-time employees, all of whom were based in China.

For the Reporting Period, our total employee benefit expense (excluding directors' and supervisors' remunerations) were RMB245.5 million (2023: RMB249.7 million). The remuneration is determined based on the terms of reference, the prevailing industry practice and the educational background, experience and performance of the staff, the importance of the post, the amount of time he/she devotes to the post, etc.. These policies are reviewed regularly. Besides salaries, the Group also provides other fringe benefits to its employees, including year end bonuses, allowances and benefits in kind.

We have invested substantial efforts and resources in recruiting and training our employees. In addition to our recruitment process and internal referrals, we also recruit talent through specialized recruiting firms and other third parties.

We offer vocational training to our newly hired employees serving in the production function to equip them with adequate knowledge and skills in respect of gold jewellery crafting before formally engaging them in our daily production. The training will usually last for three to six months depending on the skillsets required for respective positions. We regularly review the performance of our employees according to their individual key performance indicators (KPI) and make reference to such performance appraisals in our discretionary bonus, salary adjustment and promotional appraisal in order to attract and retain talented employees. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees from time to time so as to enhance our overall efficiency and promote employees' sense of belonging to the Group. We place heavy emphasis on occupational safety in our production and we conduct periodic training for our employees to raise awareness in relation to production safety.

We believe we have maintained good relationships with our employees. During the Reporting Period and up to the date of this annual report, we have not experienced any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time during the Reporting Period, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

## CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries from the Listing Date and up to the period ended December 31, 2024, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries was entered into during the Reporting Period.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS, AGREEMENTS OR TRANSACTIONS

No transaction, arrangement and contract of significance to the business of the Company which the Company or any of its subsidiaries was a party, and in which a Director or Supervisor or any entity connected with such a Director or Supervisor had a material interest, whether directly or indirectly, subsisted from the Listing Date and up to December 31, 2024.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or in existence during the Reporting Period.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### DIRECTORS' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of December 31, 2024, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company, once the Shares are listed on the Hong Kong Stock Exchange were as follows:

#### Interests in Shares and underlying Shares

Name and position	Description of Shares <sup>(1)</sup>	Nature of interests	Number of Shares	Approximate percentage of interest in the Company
Mr. WANG Zhongshan (executive Director)	Unlisted Shares (L)	Beneficial owner	64,760,000	23.72%
		Interest in controlled corporation <sup>(2)</sup>	22,000,000	8.06%
		Interest of spouse <sup>(2)</sup>	78,000,000	28.57%
Ms. ZHANG Xiuqin (executive Director)	Unlisted Shares (L)	Beneficial owner	60,000,000	21.98%
		Interest in controlled corporation <sup>(2)</sup>	18,000,000	6.59%
		Interest of spouse <sup>(2)</sup>	86,760,000	31.78%
Mr. WANG Guoxin (general manager)	Unlisted Shares (L)	Interest in controlled corporation <sup>(3)</sup>	40,000,000	14.65%

#### Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Ms. Zhang Xiuqin is the spouse of Mr. Wang Zhongshan. As such, Mr. Wang Zhongshan and Ms. Zhang Xiuqin are deemed to be interested in the Shares, directly or indirectly, held by each other.

Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership are limited partnerships established in the PRC and are the Employee Shareholding Platforms. Ms. Zhang Xiuqin is the general partner of Jinyuan Partnership and Jinlong Partnership. Mr. Wang Zhongshan is the general partner of Jinmeng Partnership. The voting rights attaching to the Shares held by Jinyuan Partnership, Jinlong Partnership and Jinmeng Partnership in the Company are exercised by their respective general partners (i.e. Mr. Wang Zhongshan and Ms. Zhang Xiuqin). Therefore, Mr. Wang Zhongshan and Ms. Zhang Xiuqin are deemed to be interested in the Shares directly held by Jinyuan Partnership, Jinlong Partnership and Jinmeng Partnership by virtue of the SFO.

(3) Tianjin Yuanjinmeng was owned as to 50% by Mr. Wang Guoxin and 50% by Ms. Wang Na. Therefore, Mr. Wang Guoxin and Ms. Wang Na are deemed to be interested in the Shares directly held by Tianjin Yuanjinmeng.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Save as disclosed above, as of December 31, 2024, none of the Directors, Supervisors and chief executive had interests or short positions in the Shares or underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION

As of December 31, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Description of Shares <sup>(1)</sup>	Nature of interests	Number of Shares	Approximate percentage of interest in the Company
Jinmeng Partnership <sup>(2)</sup>	Unlisted Shares (L)	Beneficial owner	22,000,000	8.06%
Ms. Wang Na <sup>(3)</sup>	Unlisted Shares (L)	Interest in controlled corporation	40,000,000	14.65%
Tianjin Yuanjinmeng <sup>(3)</sup>	Unlisted Shares (L)	Beneficial owner	40,000,000	14.65%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Jinmeng Partnership is a limited partnerships established in the PRC and is one of the Employee Shareholding Platforms.

(3) Tianjin Yuanjinmeng was owned as to 50% by Mr. Wang Guoxin and 50% by Ms. Wang Na. Therefore, Mr. Wang Guoxin and Ms. Wang Na are deemed to be interested in the Shares directly held by Tianjin Yuanjinmeng.

Save as disclosed above, the Company is not aware that as of December 31, 2024, any other person had any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## PERMITTED INDEMNITY PROVISION

Code provision C.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company does not have insurance cover in this respect because the Board believes that the Director's or Supervisor's risk of being sued or getting involved in litigation in their capacity as Directors or Supervisors is relatively low. The Board will review the need for taking out this sort of insurance from time to time.

## RETIREMENT BENEFITS SCHEME

The employees of the Company's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The Group is obliged to make specified contributions to the retirement benefit scheme.

Details of the pension obligations of the Company are set out in note 33 to the consolidated financial statements in this annual report.

During the Reporting Period, no forfeited contributions had been used by the Company to reduce the existing level of contributions.

## RELATED PARTY TRANSACTION

Details of the related party transactions of the Group for the Reporting Period are set out in note 40 to the consolidated financial statements contained herein.

The related party transactions disclosed in note 40 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

The Company confirmed it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.



# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## NON-COMPETITION UNDERTAKING

To ensure that competition does not develop between us and other business activities and/or interests of the Controlling Shareholders, each of the Controlling Shareholders (collectively, the “**Covenantors**” and each, a “**Covenantor**”) has commercially agreed and has entered into a non-competition agreement with the Company (the “**Non-Competition Agreement**”) in favour of the Company (for itself and as trustee for the benefit of each of the subsidiaries from time to time) on November 19, 2024, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that at any time during the period commencing from the Listing Date and shall expire on the earlier of:

- (i) the date when the Covenantors and any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of the Company; or
- (ii) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange (except for temporary suspension of trading of our Shares);

the Covenantor shall not, and shall procure that its/his/her close associates (other than members of the Group) shall not in the PRC and in Hong Kong, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, the research, development, manufacturing and sales of jewellery products and any other business or investment activities in the PRC and in Hong Kong which are the same as, similar to or in competition or likely to be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time. Details of the Non-Competition Agreement are set out in the section headed “Relationship with our Controlling Shareholder” in the Prospectus.

Each of the Covenantors has confirmed that they have complied with the non-compete undertakings during the Reporting Period. The independent non-executive Directors have conducted such review for the Reporting Period and also reviewed the relevant undertakings and are satisfied that the Non-Competition Agreement have been fully complied with.

## DIRECTORS’ INTERESTS IN A COMPETING BUSINESS AND CONFLICT OF INTERESTS

For the year ended December 31, 2024, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Company, other than being a Director of the Company and/or its subsidiaries.

## USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 29, 2024. Based on the offer price of HK\$12.0 per H Share and 43,956,800 H Shares offered by the Company, the Company raised net proceeds of HK\$452.5 million (less underwriting fee and commissions and other relevant expenses, equivalent to HK\$75.0 million). The proceeds are intended to be applied in the manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. Up to December 31, 2024, none of the net proceeds had been utilized. All of the net proceeds were deposited with certain licensed financial institutions in the PRC.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The amount of proceeds actually used by the Company during the Reporting Period, the unutilized net proceeds as of the end of the Reporting Period and the expected timeline for utilizing the remaining unutilized net proceeds are as follows:

	Net proceeds intended to be distributed according to the Prospectus (RMB million)	Actual use of proceeds during the Reporting Period (RMB million)	Net proceeds unutilized as of the end of the Reporting Period (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds
<b>Production expansion plan</b>	232.5	0.0	232.5	To be fully utilized before the end of 2026
<b>Expansion of sales network</b>				
— Establishment of self-operated stores	144.1	0.0	144.1	To be fully utilized before the end of 2026
— Improving scale and operations of self-operated direct service centers	14.0	0.0	14.0	To be fully utilized before the end of 2026
Sub-total	158.1	0.0	158.1	
<b>Upgrade on information technology</b>				
— Enterprise digital management systems	46.5	0.0	46.5	To be fully utilized before the end of 2025
— Production and inventories system	27.9	0.0	27.9	To be fully utilized before the end of 2025
Sub-totals	74.4	0.0	74.4	
Total	465.0	0.0	465.0	

## CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance and has adopted and applied the code provisions set out in the CG Code. From the Listing Date and up to December 31, 2024, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code, and satisfied substantially all of the recommended best practices requirements as set out in the Part 2 of the CG Code.

In order to maintain high standards of corporate governance, the Board will continuously review and monitor the Company's corporate governance practice code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 99 to 114 of this annual report.

# REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## LITIGATIONS AND/OR LEGAL PROCEEDINGS

The Company was not involved in any material legal proceeding during the Reporting Period.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group is subject to a number of laws and regulations such as the Company Laws of the People's Republic of China (《中華人民共和國公司法》), the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), as well as the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Advertisement Law of the PRC (《中華人民共和國廣告法》) and the Product Quality Law of the PRC (《中華人民共和國產品質量法》), and other laws and regulations.

As far as the Board and management are aware of, the Group has complied with, in all material respects, the relevant laws and regulations which have a significant impact on the business and operation of the Group. For the year ended December 31, 2024, there was no material breach or non-compliance of the applicable laws and regulations by the Group.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own Code of conduct regarding securities transactions by the directors of the Company. All existing Directors have confirmed following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

## DONATIONS

During the Reporting Period, the Company has made charitable contribution of RMB1.3 million (2023: RMB1.1 million).

## SHARE SCHEME

As of December 31, 2024, the Company had no share scheme as defined and applicable under Chapter 17 of the Listing Rules.

The Board approved and adopted the Employee Share Ownership Scheme in March 2016. The Employee Share Ownership Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Share Ownership Scheme does not involve the grant of new shares or awards by the Company after the listing.

## AUDITORS

There has been no change in auditors since the Listing Date. The consolidated financial statements for the Reporting Period have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants.

# REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, all members of the Board of Supervisors complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the Company Law, the Articles of Association and the Rules of Procedure for Meetings of the Board of Supervisors of the Company to protect the interests of the Shareholders and the Company.

## COMPOSITION OF THE BOARD OF SUPERVISORS

The Board of Supervisors currently consists of three Supervisors, among which one of them is the chairman to the Board of Supervisors. Pursuant to the Articles of Association, the Board of Supervisors shall comprise supervisors who represent the Shareholders and the employees, and the proportion of the employee representative supervisors shall be 1/3 or more. The employee representatives in the Board of Supervisors shall be democratically elected by the employee representative congress, the employee congress or other means. We have one employee representative supervisor elected by our employees and two shareholder representative supervisors elected and appointed by our Shareholders at a Shareholders' meeting. Each of the Supervisors elected by our employees and/or by our Shareholders is appointed for a term of three years which is renewable upon re-election and re-appointment.

Composition of the Board of Supervisors is set out as follows:

Name	Position	Date of Appointment	Duties
Mr. ZHANG Xin	Chairman of the Board of Supervisors	June 22, 2018	Supervising the Board and senior management
Mr. LI Hu	Supervisor	June 22, 2018	Supervising the Board and senior management
Mr. WANG Yanpeng	Employee supervisor	June 22, 2018	Supervising the Board and senior management

## MEETINGS OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors has held two meetings. The attendance of the Supervisors of the Company at the meeting of the Board of Supervisors during the Reporting Period is listed below:

Name of Supervisor	Attendance/Number of attendance required
Mr. ZHANG Xin	2/2
Mr. LI Hu	2/2
Mr. WANG Yanpeng	2/2

# REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

## COMMENTS OF THE BOARD OF SUPERVISORS ON CERTAIN MATTERS OF THE COMPANY DURING THE REPORTING PERIOD

- (1) During the Reporting Period, the members of the Board of Supervisors adhered to the principles of fidelity and accountability to all Shareholders and duly performed their duties and works according to the relevant laws and regulations. The Board of Supervisors worked actively, and supervised the regulatory compliance and operation, financial condition, use of proceeds and internal control, etc. of the Company.
- (2) The Board of Supervisors earnestly performed duties and supervised the Board of Director's performance of duties and its implementations of the Company's decision procedures by attending meetings of the Board of Directors. The Board of Supervisors is of the view that each resolution and decision procedure has been arrived by the Board of Directors in due compliance of the requirements of the Company Law and the Articles of Association.
- (3) During the Reporting Period, the Board conscientiously performed the rights and obligations conferred by the Company Law and the Articles of Association, the Board of Supervisors is of the view that the operation of the Company has been consistent with the provisions of the PRC laws and the Articles of Association; the decision-making process of the Company has been in compliance with the laws; and the Company has established a relatively comprehensible internal control system. The senior management also operated in accordance with the law and in a standardized manner. The Directors and senior management were able to perform their obligations in good faith, and there were no violations of the law, the Articles of Association or acts detrimental to the interests of Shareholders.
- (4) During the Reporting Period, the Board of Supervisors supervised and inspected the financial system and financial position of the Company and considered that the Company's financial system was sound, its financial operations were standardized and its financial position was good, and that the Company's annual audit report and the independent auditor's report truly, accurately and completely reflected the financial position, results of operations and cash flows of the Company.

In the coming year, the Board of Supervisors will continue to play the role of supervising and monitoring with an aim to protecting the interests of all Shareholders and the Company.

**ZHANG Xin**

*Chairman of the Board of Supervisors*

Shandong, The People's Republic of China

March 28, 2025

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORT DESCRIPTION

### Scope of the Report:

This report covers MOKINGRAN JEWELLERY GROUP CO., LTD. (referred to as “the **Company**”) and our subsidiaries (collectively, the Company and our subsidiaries are referred to as the “**Group**”, “**our Group**” or “**MoKingRan**”).

### Reporting Period:

This report is an annual report covering the period from January 1, 2024 to December 31, 2024. Some content may exceed the time frame due to the needs of elaboration.

### Basis for Compilation:

This report complies with all the mandatory disclosure requirements and the “comply or explain” provisions of Appendix C2 “Environmental, Social and Governance Reporting Code” (“**ESG Reporting Code**”) to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (“**Listing Rules**”), and also refers to the relevant requirements of the “Sustainability Reporting Standards” (GRI Sustainability Reporting Standards) issued by the Global Reporting Initiative.

### ESG Reporting Principles

**Importance:** This report adheres to the materiality principles stipulated by the Hong Kong Stock Exchange, disclosing in the report the discussions of ESG matters by the board of directors and the ESG working group, the communication with stakeholders, the process of identifying material issues, and the materiality matrix.

**Quantification:** The statistical criteria, methods, assumptions, and/or calculation tools for the quantification of key performance indicators in this report, as well as the sources of conversion factors, are explained in the report’s definitions section.

**Balance:** This report objectively describes the ESG performance of our Group during the reporting period, avoiding any descriptions or presentation formats that may inappropriately influence the decisions or judgments of the report’s readers.

**Consistency:** The statistical methods used to disclose the data in this report remain consistent. Except as otherwise disclosed within this report, to ensure comparability with previous reports, the preparation of this report is consistent with that of previous years.

**Data Description:** The monetary amounts mentioned in this report are measured in RMB, unless otherwise specified.

**Publication Format:** This report is published in the form of an online edition, with the text in both Traditional Chinese and English. The online edition is available on the website of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of MoKingRan (<http://www.MoKingRan.com/>) for reference.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## EXECUTIVE SPEECH

At this critical juncture of transformation and upgrading in China's gold and jewellery industry, MoKingRan, as an inheritor of intangible cultural heritage crafts and a pioneer in the high purity refined gold jewellery industry, has always adhered to the core values of "customer orientation, striving as the foundation, collaborative responsibility, and innovative pursuit of truth". With a forward-looking vision, it leads the industry's high-quality development and deeply integrates the concept of sustainable development into the entire lifecycle of the enterprise's operations.

During the Reporting Period, our Group achieved operating revenue of RMB19.713 billion. Among which, overseas revenue grew from RMB17.495 million in 2023 to RMB140.322 million in 2024, a year-on-year increase of 702%. Based on steady development of the main business, we strictly adhere to the bottom line of business ethics, building a clean and compliant governance ecosystem. We implement a green development strategy, actively respond to the challenges of climate change, practice the concept of shared progress between individuals and the venture, cooperate for mutual benefit, continuously optimize our products and services, promote the coordinated development of the industrial chain, and lay a solid foundation for the long-term sustainable development goals of the group.

## Strategic Guidance, Deepening ESG Governance

Our Group has established a comprehensive ESG governance structure, fully integrating ESG management into strategic decision-making and daily operations. It includes factors such as employee health and environmental protection into the risk management system, continuously optimizing the sustainable development capabilities of the entire chain from gold purification to terminal retail and forming a complete closed-loop management mechanism.

## Environment First, Fulfilling Green Commitment

Our Group adheres to the concept of sustainable development, strictly implements environmental compliance requirements, actively practices measures for emissions management, reduces resource consumption, proactively responds to climate change, promotes green operations and management, advances the iteration of energy-saving equipment and eco-friendly processes, constructs a recycling system for packaging materials, and fosters a low-carbon ecosystem throughout the industrial chain.

## Craftsmanship Concentrated, Forging Exquisite Quality

Our Group adheres to our corporate mission of "driving the development of the gold and jewellery industry through technological innovation", placing product quality at the core by establishing a comprehensive quality control system throughout the entire process to ensure the protection of customer rights and interests. We continue to deepen the application of core technologies such as solderless welding and spring clasp preparation, advance the research and development system and technical upgrades, integrate digital technology with gold business operations, actively promote intelligent upgrades, facilitate the industry's move towards specialization, and support the high-quality development of the gold and jewellery industry.

## Talent-oriented, Building a Community of Development

Our Group has always adhered to a people-oriented approach, regarding talent as the core resource for the high-quality development of the Company. We focus on protecting the rights and interests of employees, caring for their physical and mental health, and paying attention to their career development. The group implements special training programs in intangible cultural heritage inheritance, cultural creativity, digital talent, and marketing, establishing a healthy ecosystem for the common growth of the Company and our employees, achieving mutual progress between individuals and the enterprise.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## Compliance as the Foundation, Safeguarding Business Operations

Our Group adheres to the working style of “diligence, pragmatism, rigor, and efficiency”. By improving the compliance governance structure and risk prevention and control mechanisms, we have established unimpeded channels for supervision and reporting, and created a clean business education and training system that covers all employees and the entire process, thereby comprehensively strengthening the defence line of business compliance. In the field of business ethics, we strictly follow the principles of fairness and transparency, promote the integrity operation of the supply chain, and ensure the fairness of all links through an open competitive procurement mechanism, injecting stable momentum into the construction of a healthy industry ecosystem.

Looking to the future, MoKingRan will continue to improve our ESG long-term governance mechanism, deepen the protection of intangible cultural heritage crafts, accelerate the application of 5G+ industrial internet technology, and continuously optimize the sustainable development capabilities of the entire industry chain. We will work with upstream and downstream partners to build an industrial ecosystem featuring shared responsibilities and values, reflect the spirit of the times with gold craftsmanship, and interpret the responsibility of Chinese brands with green innovation.

## COMPANY PROFILE

MOKINGRAN JEWELLERY GROUP CO., LTD. (stock code: 02585.HK) was listed on the Main Board of the Hong Kong Stock Exchange in November 2024. Since our establishment in 1994, it has consistently flourished through 30 years of ups and downs.

We are an original brand manufacturer (OBM) from China specializing in the markets for gold and jewellery, and a full-industry-chain Company that covers design and development, material purification and testing, processing and manufacturing, and a diverse sales network. Our gold processing capabilities are particularly outstanding, having consecutively won the title of “Top Ten Enterprises in Gold Jewellery Processing Volume” for 12 years.

With brand franchising and direct retailing as the main sales models, MoKingRan has now established an online and offline business network that basically covers the whole country. Up to now, the Company has 2,758 franchise stores, 17 provincial agents, 7 direct service centres, and 33 self-operated direct stores. It has been consecutively named one of the “Top Ten Enterprises in Gold Jewellery Sales Revenue” for nine years.

The products are mainly high-purity gold jewellery, with a sideline in K-gold accessories, inlaid accessories, and jewellery components. Adhering to the four core product development principles of “light”, “ingenious”, “exquisite” and “beautiful”, we provide our customers with a comprehensive range of gold jewellery that reflects the latest fashion trends.

The independently developed “solderless welding technology” fills the domestic gap in the gold jewellery industry and has been included in the “National Torch Program” by the Ministry of Science and Technology. The pioneering “laser electron beam” basic process that forms the “solderless welding technology” solves the key common issues of easy discoloration, insufficient purity, and allergic reactions at the welding points of gold jewellery, filling the industry gap in laser and electron beam welding of gold jewellery, and has been recognized as a “green product”. It was the first to develop and lead the industry with a cyanide-free hard gold (with a gold content of 999.9%) process, solving the key common issue of using cyanide to produce hard gold in the industry, and became the first Company in the country to be recognized as a “cyanide-free product”. The Company has overcome the technology for 18K gold spring clasps, breaking the foreign monopoly for more than a decade, reversing the situation of relying on imported spring clasp components, and solving the “bottleneck” problem in the jewellery industry, for which the project received the first prize for scientific and technological progress in the industry. By the end of 2024, the Company owns 660 patents, including 47 invention patents, 115 utility model patents, 498 design patents, 4,673 copyrights, 679 trademarks, and has hosted the drafting of 10 national standards and 5 industry standards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Our Group has successively won honors such as “China’s Top 500 Manufacturing Enterprises”, “China’s Top 500 Private Manufacturing Enterprises”, “High-tech Enterprise”, “Vice President Unit of China Jewellery & Gemstone Association”, “Vice President Unit of China Gold Association”, “Shandong Province Invisible Champion Enterprise”, “Shandong Province Manufacturing Single Champion Enterprise”, “Shandong Province One Enterprise One Technology Research and Development Center”, “Shandong Province Enterprise Technology Center”, “Shandong Province Specialized, Fine, and New Small and Medium-sized Enterprises”, “National Intellectual Property Advantage Demonstration Enterprise”, “China’s Top 500 Brands”, “Asia’s Top 500 Brands”, “China’s 500 Most Valuable Brands”, and “2023 National Top Ten Retail Brands of Ancient Gold Jewellery Enterprises”, setting a benchmark in the industry.

## THE HISTORY OF ENTERPRISE DEVELOPMENT

- In 2000 MoKingRan was officially established.
- In 2004 the trademark “MoKingRan” was officially registered.
- In 2006 the MoKingRan Jinan Operation Center was established and began to layout nationwide.
- In 2008 MoKingRan developed a patented solderless welding technique, which increased the purity of gold jewellery to 999.9% and launched the products for sale.
- In 2010 “MoKingRan” was recognized as a “Well-known Trademark in China” by the Trademark Office of the State Administration for Industry and Commerce.
- In 2011 the “Solderless Welding Patent Technology” developed by the Company was awarded the “13th China Patent Excellence Award” by the National Intellectual Property Administration and was also included in the Torch Program by the Ministry of Science and Technology of the country.
- In 2012 MoKingRan became the official partner of CCTV’s “Avenue of Stars”.  
  
Selected as one of the “Top Ten Chinese Gold Jewellery Manufacturing Enterprises” and has held the title consecutively since then.
- In 2013 the gold jewellery making technique of MoKingRan was awarded as a “Shandong Provincial Intangible Cultural Heritage”.
- In 2014 MoKingRan established the headquarters in Tianjin.
- In 2015 MoKingRan was the special sponsor of the broadcast of the “CCTV Spring Festival Gala” and the “CCTV Lantern Festival Gala”.  
  
Selected as one of the “Top Ten Chinese Gold and Jewellery Sales Revenue Enterprises” and has maintained the position consecutively since then.
- In 2016 successfully created and challenged two Guinness World Records.
- In 2017 the hope primary school in Huize County, Yunnan, which was funded with a donation of RMB3 million by MoKingRan, was completed and began operations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- In 2018 Chairman Wang Zhongshan became the inheritor of the “Gold and Silver Filigree Craftsmanship (MoKingRan Gold Jewellery Making Craftsmanship)” in Shandong Province.
- In 2019 the Shenzhen Shuibei Yinzuo MoKingRan Operation Center was officially opened.  
  
Top Ten Retail Brands of Chinese Hard Pure Gold Jewellery and Top Ten Key Manufacturing Enterprises of Chinese Hard Pure Gold Jewellery.
- In 2020 Vice President Member of Gems & Jewellery Trade Association of China.
- In 2021 Vice President Member of the China Gold Association.  
  
Jiang Shuying was signed as the brand ambassador.
- In 2022 signed a cooperation agreement with the San Kong Cultural Tourism IP.  
  
Awarded as the Champion Enterprise in a Single Manufacturing Sector in Shandong Province.
- In 2023 the MoKingRan Gold and Jewellery Intelligent Manufacturing Center was officially launched.  
  
The spring clasp technology for gold jewellery products has been awarded the Science and Technology Award by the Gems & Jewellery Trade Association of China.
- In 2024 MOKINGRAN JEWELLERY GROUP CO., LTD. successfully listed on the Main Board of the Hong Kong Stock Exchange.

## CORPORATE HONORS

Time	Honorific Title	Awarding Body
January 2024	Vice-President Unit of Shandong Province Arts and Crafts Association	Shandong Province Arts and Crafts Association
March 2024	National Integrity Brand for Product and Service Quality	China Association for Quality Inspection
March 2024	National Cultural Industry Demonstration Base	The Ministry of Culture and Tourism
March 2024	The preparation technology for the precision components “spring clasps” of precious metal jewellery won the Science and Technology Award from the China Gold Association.	China Gold Association
June 2024	China’s 500 Most Valuable Brands	World Brand Lab
July 2024	Chinese high-purity gold jewellery has ranked first in national sales for three consecutive years	Frost & Sullivan

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Time	Honorific Title	Awarding Body
August 2024	Top Ten Enterprises in Gold Jewellery Processing Volume	China Gold Association
	Top Ten Enterprises in Gold Jewellery Sales Revenue	
August 2024	Top 500 Chinese Brands	Brand alliance
September 2024	The preparation technology for the precision components “spring clasps” of precious metal jewellery won the Second Prize of Shandong Province Mechanical Industry Science and Technology Award	Shandong Provincial Association of Mechanical Industry
September 2024	Awarded “Asia Brand Conference” Asia’s Top 500 Brands (ranked among the top three Chinese jewellery brands)	World Brand Lab (WORLD BRAND LAB)
November 2024	The “Aily Jewellery Cup” 13th National Gold Industry Vocational Skills Competition saw the jewellery designers win the Group Excellence Award in the finals of the national industry vocational skills competition	China Gold Association
		China Employment Training Technical Guidance Center
		All-China Federation of Trade Unions for Machinery, Metallurgy and Building Materials
November 2024	“Gold Jewellery Intelligent Processing and Manufacturing Solutions” won the 2024 digital transformation of China’s light industry “leader” case	China Industrial Information Center
December 2024	“Integrity Management • Assured Consumption” Advanced Unit	Shandong Province Jewellery, Jade, and Gemstone Industry Association
December 2024	The leading venture of the Shandong Province Jewellery, Jade, and Gemstone Industry Association	Shandong Province Jewellery, Jade, and Gem Industry Association

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## ESG GOVERNANCE

- **Board ESG Statement**

MoKingRan places high importance on environmental, social, and governance (hereinafter referred to as “**ESG**”) related work, continuously improving our ESG management system. We integrate the ESG philosophy into the Company’s significant decision-making and daily operations. By establishing a sound ESG risk management and internal monitoring mechanism, the group continuously enhances our supervision and management capabilities over ESG affairs to ensure the effective advancement of related work.

The board of directors of our Group has the highest decision-making power over ESG-related matters and assumes full responsibility for the group’s ESG strategies, reporting, and oversight. The board monitors ESG-related issues that may affect the group’s business or operations, as well as the interests of shareholders and other stakeholders, ensuring alignment with the group’s overall business strategy. It regularly reviews risk assessment reports submitted by the management, focusing on material ESG issues, risks, and opportunities, and urging the management to carry out effective risk management measures as approved by the board.

At the same time, the board of directors attaches great importance to the determination of material ESG issues, optimizes the communication methods with stakeholders, and, in conjunction with the external economic environment, macro policies, and the group’s development strategy, carries out the identification and assessment of material ESG issues, clarifies the focus of ESG governance, and comprehensively improves the Company’s governance level and sustainable development capabilities. The board of directors holds at least one meeting every year on important ESG matters and may convene interim meetings if necessary. During the Reporting Period, the board of directors has reviewed the performance of the group’s ESG-related environmental goals to reduce the environmental impact of the group’s business operations and fulfill ESG responsibilities.

This report thoroughly discloses the progress of the ESG initiatives of MOKINGRAN JEWELLERY GROUP CO., LTD. for the year 2024, which has been reviewed and approved by the board of directors.

- **ESG Governance Structure**

MoKingRan regards ESG as a vital driving force for the Company’s sustainable and high-quality development and has established and continuously improved our ESG governance structure. We have set up a vertically integrated ESG working mechanism to systematically advance ESG management efforts. At the same time, we attach great importance to the diversity of board members, who possess experience and knowledge in management, law, accounting, stakeholder management, and other ESG-related fields. We will continue to strengthen ESG training programs for directors, senior management, and employees to enhance their understanding of ESG issues.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The ESG governance structure of MoKingRan is shown in the following diagram:

Level	Composition of personnel	Scope of responsibilities
Governance level	Composed of the board of directors and the strategic committee	<p>The board of directors is the highest responsible and decision-making body for ESG matters (such as climate change, health and safety, community development, etc.), and the main responsibilities include:</p> <ul style="list-style-type: none"> <li>• Responsible for formulating, adopting, and reviewing the strategies and policies of our Group related to ESG issues.</li> <li>• Be responsible for identifying, assessing, and managing risks and opportunities related to ESG, and ensuring the establishment of appropriate and effective ESG risk management and internal control systems.</li> <li>• Establish ESG key performance indicators, assign relevant targets, review the performance of ESG-related targets annually, and revise the ESG strategy if applicable.</li> </ul>
Management level	Composed of senior management	<ul style="list-style-type: none"> <li>• Implement ESG-related decisions to ensure that operations and business practices are aligned with the relevant ESG strategies.</li> <li>• Take the lead in implementing the ESG goals of the Group, regularly review the progress of the goals, and propose adjustments accordingly.</li> <li>• Regularly report to the governance level, guiding and supervising the ESG work of the execution level.</li> </ul>
Execution level	A working group composed of various ESG-related departments	<ul style="list-style-type: none"> <li>• Implement ESG work requirements and carry out ESG-related decisions.</li> <li>• Carry out ESG data statistics and analysis.</li> <li>• Assist in compiling the annual sustainability report, providing ESG-related qualitative and quantitative information.</li> <li>• Regularly report to the management on the progress of ESG initiatives.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## • Stakeholder Communication

MoKingRan always attaches great importance to communication and interaction with all stakeholders, and responding to their demands is considered an essential part of promoting ESG management. We maintain regular communication with stakeholders such as shareholders, government/community, customers, partners, and employees through various channels. We fully listen to suggestions from all parties, comprehensively understand their demands and expectations, fulfill our social responsibilities while protecting the rights and interests of all parties, and jointly create sustainable value.

The Company conducts statistical analysis on the material issues of concern and their impact across different groups in various dimensions. Based on this, we clarify the priorities of the group in terms of environment, society, and governance. The communication log formed from the research findings provides a foundation for the identification of material issues within our Group.

Stakeholders	Focus Issues	Communication Channels and Response Measures
Shareholders	— Continuously creating value returns	— Regular Reporting and Information Disclosure
	— Corporate Governance and Risk Management	— Shareholders' meeting
	— Exercising the right to know and the right to participate in decision-making	— Performance Press Conference
	— Concept of responsibility	— Performance Roadshow
	— Accountability Governance Framework	— Securities firm strategy meeting
	— The board of directors announces the involvement in responsibility management	— Investor daily communication
Government/ Community	— Abide by laws and regulations	— Information disclosure
	— Paying taxes according to the law	— Daily communication
	— Support economic development	— Information Bulletin
	— Intellectual property protection	— Government review
	— Anti-corruption	— Public welfare and charity activities
	— Volunteer activities	
	— Community development	
Customer	— Information security protection	— Daily service communication
	— Customer privacy protection	— Customer satisfaction survey
	— Customer satisfaction	— Portals, WeChat public accounts, etc.
	— Product Quality Assurance	— Customer service hotline
	— Intellectual property protection	
	— Service and Feedback Response Assurance	
	— Protection of customer rights and interests	
	— Reasonable advertisement	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

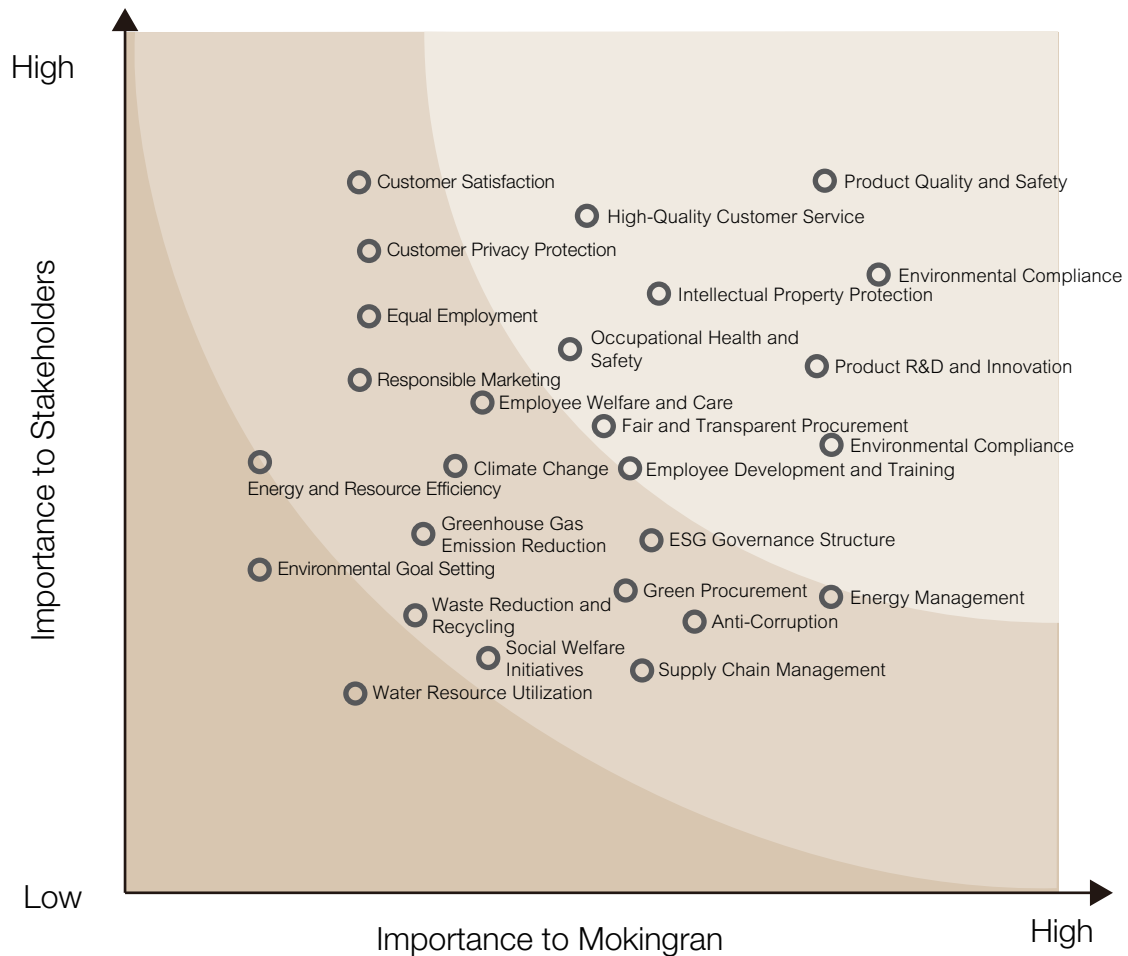
Stakeholders	Focus Issues	Communication Channels and Response Measures
Partner	— Grow together	— Procurement policy
	— Abide by business ethics	— Carry out project cooperation
	— Fair and just procurement	— Daily business communication
	— Supply chain risk management	— Supplier evaluation
	— Green procurement	
Employees	— Equal Employment	— Employment policy
	— Compliant Employment	— Regular meetings
	— Protection of Employee Rights and Interests	— Internal communication
	— Occupational Safety and Health	— Employee training
	— Promoting career development and skill enhancement	
	— Work-life balance	
	— Employee satisfaction	
Environment	— Save energy consumption	— Green office
	— Reducing emissions	— Green procurement
	— Protection of the ecological environment and natural resources	— Environmental information disclosure
	— Addressing climate change	— Carry out environmental protection publicity activities

## • Identification of Material Issues

According to the ESG Reporting Code and international standards, MoKingRan, has made joint judgments of relevant ESG issues based on the actual situation by the heads of relevant departments of the Group and external experts to ensure more accurate and comprehensive disclosure of ESG information. The Group, from the two analytical dimensions of “importance to stakeholders” and “importance to MoKingRan”, has screened and sorted the material issues matrix for MoKingRan 2024 based on the importance scores of various stakeholders, which serves as the focus of the Group’s ESG work and reporting, and as an important reference for the next year’s ESG planning.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In 2024, the results of materiality assessment of ESG issues for our Group are as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## 1. SOUND GOVERNANCE, CASTING EXCELLENCE

### Conceptual Principles

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<b>Customer first</b>	Always prioritize customer needs and win their trust and loyalty by offering quality products and services.
<b>Innovation-driven</b>	Fostering innovative thinking and practice, constantly driving the upgrade of technology, products, and services to maintain the venture's competitiveness and market leadership.
<b>Team collaboration</b>	Emphasizing the importance of teamwork, advocating an open, inclusive, and collaborative work environment, facing challenges together, and sharing success.
<b>Operating with integrity</b>	Adhering to the business principle of integrity, ensuring the legality and compliance of corporate actions, and establishing a good corporate image and social reputation.
<b>Continuous improvement</b>	Pursuing continuous improvement and optimization in management, enhancing the overall operational efficiency and management level of the Company through continuous learning, reflection, and practice.

### 1.1 Risk Management

To ensure the Company's management and operations are legal and compliant, MoKingRan strictly adheres to the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China" and the "Basic Norms for Enterprise Internal Control" and other laws and regulations. In conjunction with the "Articles of Association", we have formulated the "General Rules for Internal Control" and established a comprehensive risk management system that covers the entire process. While fostering a Company-wide risk prevention and control awareness, we have also established a management mechanism that balances incentives and constraints, providing an institutional guarantee for employees to fulfill their risk control responsibilities.

The board of directors of the Company strictly adheres to the requirements of internal control standards, establishes, and effectively implements internal controls, evaluates their effectiveness, and truthfully discloses the internal control evaluation reports. The board of directors has set up an audit committee, which is specifically responsible for the communication, supervision, and verification of internal and external audits of the Company, is accountable to the board of directors, and reports to the board. The board of supervisors supervises the establishment and implementation of internal controls by the board of directors. The management layer is responsible for the daily operation of the internal control of the enterprise. The audit department, as the executing department, is specifically responsible for organizing and implementing the internal control assessment work, focusing on assessing high-risk business operations and departments. It maintains independence in our work under the guidance and supervision of the audit committee, and all assessment results are directly submitted to the audit committee for review, forming a complete reporting process.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In specific risk management, the Company incorporates factors such as employee health and environmental protection into our internal risk management. We attach great importance to fulfilling our social responsibilities, implementing the fulfilment of social responsibilities throughout various aspects of production and operation processes. The specific content includes work safety, product quality, environmental protection, resource conservation, employment promotion, protection of employees' rights and interests, and social donations, etc. The Company strives to achieve a harmonious balance between economic and social benefits, short-term and long-term interests, and our own development and social progress, resulting in a harmonious development between the Company and our employees, the Company and society, and the Company and the environment.

### 1.2 Business Ethics

MoKingRan has always adhered to business ethics, adopting a zero-tolerance attitude towards all forms of bribery and corruption. We place great importance on the construction of clean management and integrate business ethics and integrity into daily operations. The Company strictly prevents such behaviors as commercial bribery, embezzlement, money laundering, fraud, and non-compliant transactions by improving the audit supervision system, establishing comprehensive monitoring mechanisms, and organizing special integrity training sessions, thereby effectively implementing the requirements of a clean and compliant corporate culture.

- **Policy and Institution**

MoKingRan strictly abide by the laws and regulations such as the "Company Law of the People's Republic of China", the "Audit Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China", and the "Prevention of Bribery Ordinance", etc. We have formulated and strictly implemented internal systems and requirements such as the "Anti-Corruption Policy", "Anti-Money Laundering, Anti-Terrorist Financing, and Anti-Tax Evasion Management System", etc. We have established a business ethics management system that covers all personnel of the Group, including directors, supervisors, senior management, and employees at all levels, as well as the Group's agents, consultants, and contractors, to ensure the compliance and legality of operations.

- **Supervision and Management**

The Company continuously strengthens the construction of our internal supervision and management mechanisms. The Audit Committee is responsible for the overall supervision and review of the effectiveness of policies and proposes recommendations for action based on the investigation results of complaint cases. The audit department conducts audit supervision in the field of business ethics through a combination of internal self-inspection and third-party professional audits. During the audit process, we focus on examining the establishment and perfection of core management systems such as anti-money laundering and anti-corruption, their actual implementation effects, and the soundness of the management system, while also assessing the implementation of responsibilities by the compliance department and related positions. In response to issues of integrity management found in the audit, the Company strictly follows the standardized processes established internally, clarifies responsible departments, formulates rectification plans, and supervises the implementation of improvement measures, ensuring full tracking through regular reviews to ensure that issues are corrected. For confirmed violations of laws and regulations, the Company will take measures such as terminating the labor relationship with the relevant personnel, ceasing business cooperation with the problematic units, and, if necessary, transferring case leads to regulatory authorities in accordance with national laws and regulations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Before engaging in any business transactions with external parties, the Company conducts proper due diligence to understand the ownership, financial status, sources of funds, market reputation, and past conviction records. Detailed work records are formed for all review processes, including the process and results of due diligence, the reasons for cooperation or non-cooperation with external parties, as well as the transactions conducted, and payments made. A balanced and common-sense approach is taken for suppliers or clients with connections to jurisdictions with a high risk of money laundering or terrorist financing.

During the Reporting Period, MoKingRan did not have any cases of illegal and disciplinary violations such as commercial bribery, corruption, extortion, fraud, and money laundering.

- **Whistleblowing Channels**

The Company is dedicated to achieving and maintaining the highest standards of transparency, integrity, and accountability. Based on this commitment, the Company expects and encourages all employees of the group, as well as individuals doing business with the group, to “speak up” and report to the Company any suspected misconduct, wrongdoing, or negligence within the group. To this end, the Company has established a “Whistleblowing Policy,” which serves as an important component of risk management and internal control, encouraging employees to report any identified misconduct or fraudulent activities through the whistleblowing channels to help the Company detect issues and take timely action to prevent them.

The Company’s audit committee serves as the auditing supervision department for reporting, continuously improving the reporting process, including the reception of reports, verification and initiation, investigation and evidence collection, and disciplinary actions for violations. The Company establishes multiple channels to receive reports on violations of rules and discipline, encouraging informants to report to department heads and the audit committee through suggestion boxes, emails, phone calls, and letters, among others. At the same time, the Company strictly keeps the informants’ information and the content of the reports confidential, ensuring that informants do not suffer any form of intimidation, retaliation, or harm due to reporting the matters. Any informant who acts in good faith will not be subjected to unfair dismissal, harm, or unreasonable disciplinary actions, even if the related report is ultimately proven to be unfounded.

- **Integrity Training**

The Company has established an integrity training system that covers all employees. All new employees receive anti-corruption compliance education upon hiring. In daily work, the compliance awareness of employees is continuously strengthened through a combination of regular thematic training and email reminders. Each business department carries out customized anti-corruption training according to the characteristics of the positions, ensuring that all employees accurately understand and implement the anti-corruption requirements.

In external cooperation, the Company implements strict standards and regulations, clearly informing all partners of the anti-corruption policy requirements at the beginning of the establishment of business relationships and reiterating the emphasis as needed during the subsequent cooperation process. In the field of anti-money laundering, a normalized training framework is simultaneously established: organizing special training for management and key positions three times a year, analyzing money laundering risk characteristics and countermeasures with real cases, and providing targeted guidance based on departmental responsibilities. Meanwhile, relevant personnel are selected to participate in professional training organized by institutions such as the People’s Bank of China, enhancing their practical operational capabilities in monitoring and analyzing suspicious transactions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

To create a favorable compliance atmosphere, the Group has carried out educational campaigns through various means, such as producing science popularization manuals and compiling typical cases. We regularly push the latest anti-money laundering regulations and risk alerts to employees, helping them to promptly master basic theoretical knowledge and response skills, thereby strengthening the system of risk prevention awareness.



**The Company Conducts Integrity Training**

Indicator Name	Unit	The Fiscal Year 2024
Number of anti-corruption and integrity training sessions conducted for employees	Times	7
The number of times anti-corruption and integrity education campaigns are conducted for the board of directors	Times	1
The number of persons covered by anti-corruption and integrity training	Person-times	558
Number of corruption cases entering litigation (Case)	Cases	0

## 1.3 Product Responsibility

- Product Quality**

MoKingRan strictly abides by a series of laws and regulations such as the “Product Quality Law of the People’s Republic of China”, the “Standardization Law of the People’s Republic of China”, the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, and the “Copyright Law of the People’s Republic of China”, ensuring that the quality of the jewellery products produced meets national regulations and protects the legitimate rights and interests of consumers.

### *Product Quality Management*

MoKingRan always adheres to the principles of “integrity in business and customer first”, we prioritize product quality and purity control, strictly implement the national standards, and have formulated five corporate standards including “24K Gold Jewellery” and “Noble Metal Jewellery”, establishing a comprehensive coverage of incoming material inspection, in-process production inspection, final product inspection, and pre-shipment sampling inspection. Simultaneously implement the management review control process, conduct systematic reviews of the quality management system on a regular basis, and closely monitor the implementation of the quality management system.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In addition, the Company has established a trustworthy procurement channel for purchasing high-quality gold, set up an internal testing centre, and developed key production capabilities that are vital to producing high-quality gold jewellery, while ensuring the quality of the entire value chain. The testing centre, as a key node in the quality system, has obtained various certifications, including ISO9001 quality management, GB/T29490-2013 enterprise intellectual property management system, Chinese metrology certification, and CNAS (China National Accreditation Service for Conformity Assessment) laboratory accreditation, effectively safeguarding consumer rights and interests.

### *Improvement in Product Quality*

The Company establishes comprehensive quality inspection processes and standards, regularly communicates quality inspection requirements to suppliers, and provides feedback on lists of non-conforming products. Arrange for professionals to be stationed at the factory to carry out on-site QC inspections, controlling the quality of incoming materials from the source. Simultaneously, strengthen the professional capabilities of the quality inspection team through field discussions and skill training to deepen the understanding of production processes. For products that are exchanged or returned, require the removal of tags for weighing, machine testing for stones, and individual quality inspections. Products that meet the new factory standards are re-tagged and enter the sales process. Products that need repair must be returned to the factory for refurbishment and pass a re-inspection before they can be placed back on the shelves.

Throughout the year, the Company has continuously improved our production process and quality control, with a focus on promoting environmental technology innovation and refined production management and control. For the gold surface treatment process, by adopting thiocyanate-free electroforming technologies such as thiourea and replacing traditional cyanide processes, we reduce the risk of environmental pollution while ensuring product safety performance. For production, by optimizing the electroplating cleaning process steps to reduce surface defects, and combining the upgrade of equipment such as high-precision projectors and automatic welding machines, the dimensional tolerance of stamped parts has been accurately controlled to  $\pm 0.02$  mm, and the welding pass rate has been increased to 98%. For the control of the casting finish, the frequency of fluorescent inspections has been increased to ensure that the finish standard rate for grade 753 has been increased from 95% to 99%. In addition, quality inspection has been strengthened with an increased frequency of random inspections, allowing defective products to be traced back to the responsible person in the specific process. In daily management, a “Defect Case Review Meeting” is held monthly to address technical challenges such as wax mold bubbles, thereby enhancing the practical skills of employees and consolidating manufacturing process and quality control capabilities.

### *Product Returns and Recycling*

The Company always prioritizes product quality and consumer safety, establishing a product recall management procedure for quality issues, and providing convenient channels for product returns and recycling. If a product is found to have quality defects or safety hazards, we will take the initiative to contact consumers at the first instance, offering clear guidance and support throughout the recall process to ensure that the faulty products are promptly removed from the market circulation. As of now, the Company has not experienced any product recalls.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Inheriting Intangible Cultural Heritage**

As the inheritance and protection unit of the intangible cultural heritage craft of gold and silver filigree, MoKingRan has been committed to inheriting excellent traditional culture and intangible cultural heritage techniques. Continuously inheriting and innovating intangible cultural heritage crafts such as gold and silver filigree work, engraving, and fine wire techniques, we have paved a refined development path for the inheritance of intangible cultural heritage crafts through the empowerment of intelligent manufacturing.

### Case: “Oriental Imagination (China) Fashion Gala” — MoKingRan Wins the “Excellence in Craftsmanship Award”

On October 17, 2024, at the “Oriental Imagination (China) Fashion Gala”, MoKingRan, with the dual identity of “cultural heritage guardian” and “innovation pioneer”, wrote a new chapter in the brand’s development. By showcasing the “Auspicious Treasure” gold filigree handbag piece, MoKingRan not only won the “Excellence in Craftsmanship” grand prize but also conveyed the ultimate beauty of Chinese intangible cultural heritage to the world. The award-winning work “Auspicious Treasure” handbag, inspired by the Tang Dynasty’s treasure flower bronze mirror, inherits the royal intangible cultural heritage of filigree inlay craft. It uses gold as thread, adorns pearls, and inlays mother-of-pearl, fully displaying the elegance of national style. The removable relief treasure flower bracelet and filigree brooch, with diverse ingenious designs, convey the meaning of auspiciousness and completeness. Winning the “Excellence in Craftsmanship” award is not only the industry’s recognition of MoKingRan’s craft heritage and technological breakthrough but also a powerful testament to the brand’s commitment to high-quality development.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Technological Innovation**

MoKingRan has continuously advanced the overall layout of our research and development system and technological upgrades, establishing regional research and development centers and auxiliary offices in Weifang, Shandong and Shenzhen, Guangdong respectively, covering functions such as material testing, jewellery design, machinery, and technology research and development. This supports the Company in enhancing jewellery processing technology, constantly developing new product designs, and expanding the pipeline of new gold jewellery products. MoKingRan The Intelligent Manufacturing Center for Gold and Jewellery of MoKingRan, also known as Dream Gold Town, has become the first “5G Factory” in the domestic gold and jewellery industry. We have realized several intelligent scenarios, including 3D design printing for gold jewellery, CNC precision carving processing, intelligent manufacturing of spring clasps, and intelligent warehousing for jewellery. In the future, we will support the brand in reaching new heights in the industry with projects such as intelligent logistics and smart manufacturing, boosting the upgrade and development of the gold and jewellery industry.

Technology R&D	Key R&D Directions		
	Machine R&D	Product R&D	
By collaborating with parties involved in strategic research and development, continuously challenging the gold purity benchmark.	Dedicated to the automation and digitalization of gold and jewellery processing.	Exhibition Edition	Signature Edition
Several gold jewellery series with purity levels reaching 999.9, 999.99, and 999.999 have been successfully developed.	Automatic edge curling machines, automatic welding machines, automatic engraving machines, and other equipment have been successfully developed, covering a multitude of product processing techniques.	Jewellery design includes exhibition, signature, and regular styles, which are used for product exhibitions, brand promotion, and everyday wear, respectively.	
		The R&D team takes “Unity of Man and Nature” as the core design concept, emphasizing the harmonious coexistence between jewellery and humans.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Case: Upgrade of Gold Solderless Welding Technology

The traditional welding process in the gold jewellery industry commonly uses solder, which limits the purity of gold jewellery and may cause issues such as consumer allergies. MoKingRan actively explores methods to increase the purity of gold jewellery, proposing a solderless welding technique that leads the technological progress in the domestic gold jewellery industry.

The solderless welding technology, through methods such as “gold self-fusion” and “laser spot welding”, has achieved the welding of gold jewellery without the need to add solder, enhancing the purity of the jewellery. We have broken through the technical patent barriers of foreign enterprises, fundamentally solving the impact of solder on the purity of gold in traditional welding processes, as well as the potential health threats of heavy metals in the solder. Moreover, the solder used in traditional welding processes contains heavy metal elements, whereas the solderless welding technology avoids this issue, achieving a green and environmentally friendly production process. This technology not only reduces the emission of harmful substances and the generation of pollutants but also decreases energy consumption and production costs, providing strong support for the sustainable development of the gold jewellery industry.

The solderless welding technology has improved the purity and quality of gold jewellery, enabling consumers to purchase healthier, more eco-friendly, and more valuable gold accessories. At the same time, this technology has also solved the problems common in traditional welding processes, such as discoloration and easy falling off solder points, enhancing the durability and aesthetics of the jewellery. The solderless welding technology of MoKingRan has been successfully included in the Torch Program of the Ministry of Science and Technology of the People's Republic of China. This technology allows the purity of the produced gold jewellery to reach above 999.9%, becoming a leader in 9999 high-purity gold jewellery, guiding the gold jewellery industry towards higher purity and quality, and promoting the technological progress and industrial upgrade of the entire gold and jewellery industry. The Company has also been honored with multiple titles, such as “China Patent Excellence Award” and “National Level Contract-Respecting and Credit-Worthy Enterprise”.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Case: Breakthrough in Spring Bar Manufacturing Technology

In the field of jewellery manufacturing, the spring buckle is a core component that determines the quality of the jewellery. In the past, our country relied heavily on imported technology from Italy and Japan for a long time, which led to high production costs and restricted industry innovation. MoKingRan has successfully overcome the technical difficulties in the preparation of spring buckles through independent research and development, achieving the independent production of spring buckles and reaching a domestically and internationally leading level.

In the R&D process, the Company overcame several key technical challenges in the preparation of spring clasps, including strict control over wall thickness, curvature, and spring performance indicators, achieving high-precision and high performance production of spring clasps. Through independent research and development, the Company realized the autonomous production of spring clasps. By applying 5G+Internet technology to the intelligent manufacturing of spring clasps, the Company has achieved automation, intelligence, and efficiency in the production process, improving production efficiency and product quality, and becoming the first enterprise in China to realize the autonomous production of spring clasps. This technology has successively won the First Prize for Science and Technology from the China Gem & Jade Exchange Association, the First Prize for Science and Technology from the China Gold Association, and the Second Prize for Science and Technology from the Shandong Machinery Industry Association. It has been appraised by the Shanghai Innovation Center of the Chinese Academy of Sciences as reaching a domestically leading and internationally advanced level.

Since achieving self-production and self-sales of spring clasps in 2021, the domestic production line has generated an additional output value of over RMB100 million. With the dual advantages of quality and price, the independently developed spring clasps have entered the international market and gained customer recognition. Currently, the spring clasp products of MoKingRan have been exported to Southeast Asia, the Middle East, the United States, Europe, and other regions, with the export value exceeding RMB10 million since 2023. At the same time, the technological breakthrough has driven the technological iteration of the entire industry. By participating in the formulation and promotion of spring clasp preparation technology standards, it leads the domestic jewellery industry chain towards high precision, high performance, and intelligent production. On the consumer side, a more reliable clasp structure and exquisite design have enhanced the wearing experience, leading to a decrease in return rates while the brand reputation has steadily climbed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Quality Service**

MoKingRan, consumer-oriented, highly values customer opinions and feedback, and has established relevant internal management systems. We have passed the SB/T10401 after-sales service evaluation system for commodities, continuously strengthening customer communication, optimizing the channels for collecting customer feedback and the measures for handling it, and continuously improving the quality of service in terms of customer complaint handling mechanisms and customer service satisfaction.

## ***Customer Complaint Handling***

The Company has established a comprehensive customer complaint response process. Customer's inquiries and complaints can be made by calling the hotline 400-157-9999. Customer service personnel will promptly reassure the customers while meticulously recording the time, location, product information, and specific requests of the incident. This information will be immediately transmitted to the responsible department via the corporate WeChat or OA system. The customer service team ensures follow-up on the results every 2 business days, monitoring the progress of the handling, ensuring that the store is actively communicating with the customer. If necessary, a follow-up phone call will be made to confirm customer satisfaction.

We categorize and manage customer complaints regarding product or service quality received in daily business operations. Routine quality complaints require the responsible department to develop a solution and inform the customer within 24 hours. For cases that require additional resources or involve risks of triggering public relations issues, the complaints will be escalated and handled by our designated crisis management team, who will also formulate an action plan to reach an amicable solution with the customer.

## ***Improvement of User Service Satisfaction***

In response to the sustained growth in consumer demand for personalized and high-quality gold jewellery, the Company utilizes advanced digital tools to provide customers with customized and personalized jewellery options. The design software can create unique designs based on individual preferences, effectively enhancing the sense of participation in purchase decisions and product satisfaction.

In terms of market research and data analysis, the design team regularly visits directly operated and franchised stores to conduct on-site investigations, engaging in face-to-face communication with consumers to understand their needs. Simultaneously, we closely monitor global trends in gold and jewellery, and in conjunction with user feedback, optimize production processes, improvements, and design directions.

Customer customized response	A "VIP Special Task Force" has been established to provide expedited services within 48 hours for the needs of high-net-worth customers, such as special engraving and non-standard settings.
Transparent communication	By using the ERP system information, we can push the order progress to customers in real time (such as "the order has entered the mold execution stage"), along with the process quality inspection report.
Satisfaction survey	Customer questionnaires are distributed every quarter to collect feedback on product technology and delivery timing, with a requirement that the rectification rate must reach over 90%.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

For the year 2024, the performance data of MoKingRan’s customer service is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Number of product complaints	/	95

• **Consumer Privacy Protection**

The Company always prioritizes the security of our customers’ personal data, strictly adheres to the relevant laws and regulations such as the “Personal Information Protection Law of the People’s Republic of China” and the “Data Security Law of the People’s Republic of China”, and continuously assesses the effectiveness of data security and privacy protection procedures. In response to the constantly updated compliance requirements, we regularly review our privacy policy terms and improve internal operational processes to ensure that our data protection mechanisms are in line with current regulations, continuously optimize our customer information management system, and effectively safeguard the privacy rights and interests of users.

• **Intellectual Property and Brand Protection**

MoKingRan always regards intellectual property rights as a core element of enterprise development. To effectively protect innovative achievements and maintain market order, the Company strictly adheres to a series of laws and regulations such as the Trademark Law of the People’s Republic of China, the Advertising Law of the People’s Republic of China, the Patent Law of the People’s Republic of China, and the Copyright Law of the People’s Republic of China. We have established internal management regulations such as the “Intellectual Property Protection Management System” and the “Intellectual Property Risk Prevention and Control Management System”, clarifying the scope of intellectual property protection, specific management measures, standardized operational procedures, and departmental responsibilities. The Company has passed the GB/T29490-2013 certification for the enterprise intellectual property management system, constructing a comprehensive management system that includes trademark registration maintenance, copyright confirmation registration, and copyright protection across multiple dimensions. We also established a risk prevention and control mechanism and regularly organized staff training to comprehensively improve the level of compliance management of intellectual property rights, providing solid protection for the protection of technological innovation achievements.

The Company has established a department dedicated to intellectual property rights, responsible for the implementation of the management system and the handling of rights protection affairs. In response to illegal acts such as trademark infringement, the Company takes legal actions including litigation and reporting to safeguard our legitimate rights and interests, and severely cracks down on infringing acts through judicial channels. In actual operations, the Company effectively prevents the risk of infringement while helping to enhance the Company’s capability for independent innovation and market competitiveness, promoting the rational application and value transformation of technological innovation achievements, and providing support for technological upgrading and sustainable development.

Establish intellectual property management institutions	Ensure the systematicness and professionalism of intellectual property work, responsible for formulating intellectual property strategies, supervising the implementation of systems, and handling intellectual property affairs.
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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Enhance the intellectual property rights training for employees	Enhance the awareness and capabilities of employees in intellectual property protection, and regularly conduct special training on intellectual property, including laws and regulations on intellectual property rights, infringement cases, etc., to ensure that employees understand and comply with the relevant provisions.
Intellectual property application and maintenance	Protect the innovative achievements and legitimate rights of enterprises, apply for intellectual property rights such as patents, trademarks, and copyrights in a timely manner, and pay the annual fees as required to maintain the validity of the intellectual property rights.
Intellectual property risk management	To avoid intellectual property disputes and losses, identify and manage risks related to intellectual property, including infringement risks and invalidation risks, and develop countermeasures.
Promote the transformation and application of intellectual property rights	Realize the industrialization and commercialization of intellectual property rights, promote the deep integration of intellectual property rights with industrial development, drive the transformation and application of intellectual property rights, and form new economic growth points.

By the end of the reporting period, the Company owned 660 patents, including 47 invention patents, 115 utility model patents, and 498 design patents, as well as 4,673 copyrights. Among them, 2 patents were awarded the Chinese Patent Excellence Award. The Company attaches great importance to trademark protection, actively registers trademarks, and expands the scope of trademark protection. Among them, 2 trademarks were granted the title of China's Well-Known Trademark, effectively establishing a good brand image, and enhancing consumer trust and loyalty in the Company.

For the year 2024, the performance data of MoKingRan in terms of patents is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Cumulative number of patent authorizations <sup>Note</sup>	/	660

*Note:* This indicator calculates the cumulative number of patent authorizations obtained within the valid period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## 2. LOW-CARBON AND ECO-FRIENDLY, GREEN OPERATION

MoKingRan firmly believes that environmental protection is the key component in promoting the sustainable development of society and actively dedicates us to environmental improvement initiatives. In the processes of production and operation, the Company actively implements energy-saving and environmental protection concepts, striving to reduce the consumption of natural resources, avoid excessive emissions, and prevent environmental damage caused by pollutants.

### 2.1 Environmental Management

MoKingRan strictly abides by the laws and regulations such as the “Environmental Protection Law of the People’s Republic of China”, the “Air Pollution Prevention and Control Law of the People’s Republic of China”, the “Water Pollution Prevention and Control Law of the People’s Republic of China”, the “Environmental Noise Pollution Prevention and Control Law of the People’s Republic of China”, and the “Solid Waste Pollution Prevention and Control Law of the People’s Republic of China”, and has passed the ISO14001 environmental management system certification. The Company has established a dedicated safety and environmental protection department, and a comprehensive environmental management and control mechanism covering the entire process, incorporated the construction of ecological civilization into the important work content, continuously optimized the environmental management system, and formulated multiple system documents such as “Environmental Protection Management System”, “Environmental Protection Target Responsibility System”, “Hazardous Waste Management System”, “Three Waste Management System”, and “Environmental Responsibility System”, providing a rigid guarantee for environmental management. In 2024, MoKingRan invested RMB539,000 in environmental compliance costs, continuously improving the level of environmental management.

During the Reporting Period, MoKingRan closely followed the environmental management objectives, promoted environmental protection measures from multiple dimensions, steadily implemented energy-saving and emission reduction tasks, and ensured that all work was carried out in an orderly manner based on the objectives. In setting ESG-related KPI targets, we fully and prudently considered historical levels, industry best practices, and future business development, aiming to balance business growth with environmental protection and achieve sustainable development. Specifically, our goal is to reduce water usage, energy consumption, greenhouse gas emissions, and waste output by 5% per RMB million of revenue by 2030 compared to 2020.

### 2.2 Emission Management

Before establishing the factory, MoKingRan planned the geographical location and process flow, and analysed the potential hazards of the Company’s project through environmental assessment and the planning procedures of the Land and Resources Bureau, ensuring that it is not located within ecological protection areas or key river control zones. Our production process does not produce substantial heavy pollutants and was not named in the “High Pollution and High Environmental Risk” product list of the “Comprehensive Environmental Protection Catalogue (2017 Edition)” released by the Ministry of Environmental Protection. Meanwhile, our business does not belong to any of the heavy pollution industry named in the “List of Environmental Protection Verification Industry Classification Management of Listed Companies”, and there are no high-risk or heavy pollution situations. During the Reporting Period, MoKingRan did not incur administrative penalties or legal disputes due to environmental issues.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Waste Gas Emission Management**

The waste gas emissions from MoKingRan mainly come from the procedure of hard gold and K-gold, which is primarily the waste gas generated from gold water preparation, the organic waste gas volatilized during the silver oiling process, electroforming waste gas, and acid cooking waste gas. We adhere to the principle of “treating the source and focusing on prevention”, continuously optimizing the production process to reduce the impact of waste gas on the surrounding environment, and implementing several emission reduction measures:

- Gas collection hoods and treatment cabinets are installed in all processes that generate waste gas for collection, and variable frequency fans are used to prevent the diffusion of waste gas.
- For organic waste gas, a ceramsite absorption and high-temperature carbonization regeneration system is employed for treatment. The high-temperature carbonization furnace is set to start the system according to the absorption cycle. The carbonization tail gas enters the subsequent spray tower and, after being processed by a three-stage spray, it meets the standards for discharge.
- For acidic waste gas, a combined process treatment of ceramsite adsorption, condensation recovery, and spray tower tail gas absorption is conducted. The absorbed wastewater enters the acidic wastewater collection system, and hydrogen peroxide oxidation is used for gas treatment.
- Regularly invite third parties to test the exhaust gas to ensure that it meets the standards and there is no excessive emission.

- **Wastewater Discharge Management**

The wastewater generated by MoKingRan mainly comes from industrial wastewater and domestic wastewater. All industrial wastewater is collected and treated in the wastewater treatment workshop without being discharged externally, thus not causing environmental pollution. The industrial wastewater produced during gold processing mainly comes from the cleaning process after polishing, while the industrial wastewater from the production of hard gold and K-gold products mainly includes process wastewater, drainage from exhaust gas treatment units, and wastewater from pure water preparation; domestic wastewater is generated from offices and other areas. We strictly adhere to the national and local environmental protection regulations, ensuring that all wastewater is treated in accordance with the specified procedures.

- The industrial wastewater is treated with a rigorous wastewater treatment procedure at the wastewater treatment station, employing the process of “PH adjustment — gold extraction (hydrazine hydrate method) — multi-media filtration”, and after “double-effect evaporation — ultrafiltration”, it is reused in the production process; purified water is used for processes such as electroplating in the workshop. After purification, a portion of the wastewater can be discharged into the fire control pool, and another portion can be discharged into temporary storage tanks for use in the Company’s landscaping.
- The domestic wastewater is treated for reuse, and electronic water cards are used to monitor and minimize the discharge of domestic wastewater, which, after sedimentation, is handed over to a professional third-party organization for treatment.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Waste Discharge Management**

The solid waste that MoKingRan needs to dispose of mainly includes general solid waste, household waste, and hazardous waste, and the Company has adopted systematic and standardized measures in the management of solid waste:

- General solid waste mainly includes waste wax, scraps, packaging materials for raw materials, and used cartons produced during the jewellery processing. The packaging materials for raw materials and used cartons are collected by our Company and then sold, while the waste wax and scraps are recycled and reused after reprocessing.
- Hazardous waste includes waste chemical material packaging, sludge from wastewater treatment stations, evaporated waste salt, and waste filter elements, etc. It is temporarily stored in a hazardous waste warehouse and entrusted to external qualified units for collection, transportation, and storage, implementing the full-process management of hazardous waste disposal.
- According to the environmental impact assessment, the types of hazardous waste and solid waste are determined, and “solid waste warehouses” and “hazardous waste warehouses” are established for the zoned storage and classification of waste. Domestic waste is collected and transported by the environmental sanitation department, while general solid waste and hazardous waste are regularly collected and transported by qualified units and undergo professional treatment, with transfer vouchers preserved to ensure compliance with disposal regulations.

- **Noise Management**

The production noise from MoKingRan mainly comes from machines such as the engraving machine, CNC discharge machining machine, multifunctional carving machine, pumps, and exhaust systems. Since these machines are all operated within enclosed buildings, their impact on the surrounding environment is relatively small. To prevent the generation and spread of noise, the workshop interior is partitioned by work process, with aluminium alloy partition walls installed. The workshop is designed with a layered structure, with marble added to the outer layer. There is a cavity between the marble and the wall, which greatly blocks the transmission of sound. The Company regularly conducts noise tests for both workstations and factory boundaries, with no instances of excessive noise levels. The noise generated during the Company's production and processing processes has a minimal impact on the surrounding environment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

For the year 2024, the performance data of MoKingRan in environmental aspects is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Hazardous waste generated <sup>1</sup>	Tons	1.12
Hazardous waste generated per million revenues <sup>2</sup>	Kg per RMB million revenue	0.06
Non-hazardous waste generated <sup>3</sup>	Tons	139.05
Non-hazardous waste per million revenues	Kg per RMB million revenue	7.05
Sewage discharge	Cubic meters	80,417
Sewage discharge per million revenues	Tons per RMB million revenue	4.08
Waste gas emissions <sup>4</sup>	Tons	0.59
Waste gas per million revenues	Kg per RMB million revenue	0.03

## Notes:

- <sup>1</sup> The statistical caliber of hazardous waste includes discarded chemical materials, sludge from sewage treatment plants, evaporated waste salt, discarded filter cartridges, etc., which are temporarily stored in hazardous waste warehouses and entrusted to qualified external parties for collection, transportation, and storage.
- <sup>2</sup> Emission intensity refers to the intensity of emissions per million revenue.
- <sup>3</sup> The statistical caliber of harmless waste includes the generation of general solid waste and household waste.
- <sup>4</sup> The statistical caliber of waste gas produced during the processing includes the waste gas generated from the preparation of liquid gold, the volatile organic waste gas during the addition of silver oil, electroforming waste gas, acid boiling waste gas, waste gas produced during the preparation of gold water, and the waste gas generated from the combustion of coal and natural gas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## 2.3 Resource Utilization

MoKingRan strictly adheres to the relevant requirements of the “Energy Conservation Law of the People’s Republic of China”, upholds the concept of green development, implements energy conservation and emission reduction management and resource recycling throughout the entire process of production and operation, actively promotes green office initiatives, focuses on enhancing the comprehensive utilization of resources, effectively reduces energy and resource consumption, and contributes to the sustainable development of society.

- **Reduce Energy Consumption**

MoKingRan actively responds to the government’s initiatives, striving to save energy and reduce greenhouse gas emissions. The Company’s energy composition mainly includes fossil fuels such as gasoline and diesel consumed by our own vehicles, as well as natural gas consumed by production facilities, and includes purchased electricity and heat for production and operation. To reduce energy consumption and greenhouse gas emissions, and to create an efficient and energy-saving production and operation environment, we have actively adopted a series of innovative measures:

Operation

- Strictly implement energy-saving management systems. When leaving the office for an extended period, it is necessary to turn off the main power or switch to sleep mode. During work hours, enable energy-saving modes on devices to minimize energy consumption to the greatest extent possible.
- Implement an electronic card management system to ensure that electricity usage remains within a reasonable range and to prevent the waste of electrical resources.
- Actively advocate green office practices, encouraging employees to adopt eco-friendly, low-carbon, and environmentally sustainable ways of working, such as promoting energy conservation and emission reduction, reducing the use of disposable items, and promoting paperless office solutions.
- Invite environmental protection experts or industry leaders to give lectures on environmental protection themes, popularize environmental knowledge among employees, raise environmental awareness, and introduce how enterprises can implement environmental protection concepts in actual work.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Production

- By using smart meters and power monitoring equipment, real-time tracking of energy consumption data for various departments and equipment is conducted, identifying abnormal electricity usage and high-energy-consuming processes to improve energy efficiency.
- By introducing frequency conversion technology, continuously optimizing the operating efficiency of equipment such as motors and pumps, reducing no-load losses, and effectively lowering energy consumption.
- Phase out energy-intensive equipment, prioritize the use of energy-efficient motors, air conditioners, compressors, and other devices, replace traditional lighting with LED bulbs, effectively reducing lighting energy consumption by over 60%.
- Implement refined energy management by installing motion sensors and timers to control lighting, enforcing automatic power cutoff in unoccupied areas, uniformly setting, and regulating air conditioning temperatures, and restricting the operation during non-essential periods.

### • Save Water Resources

The water usage of our Group mainly relies on the municipal water supply system, and we have not encountered and do not expect to encounter any issues in acquiring water sources during our production and operations. During the Reporting Period, we actively implemented multiple water-saving measures, effectively reducing water resource consumption:

- Adhere to green operations, implement a water card management system, ensure that water usage is within a reasonable range, and avoid water resource wastage.
- Install water-saving devices, introduce automatic faucets and water-saving nozzles, effectively reducing daily water consumption.
- By adopting a closed loop circulating water system and through the recycling and reuse of water resources, the total water consumption is significantly reduced.
- Regular inspections of water pipes and equipment should be conducted, with timely repairs or replacement of aging facilities to prevent water leakage.
- Utilizing wastewater treatment and reclaimed water reuse technology to improve the cyclic use of water. After being treated at the wastewater treatment station, the wastewater is reused in the production process after “double-effect evaporation- ultrafiltration”, which reduces the consumption of water resources.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Reduce Packaging Materials**

Reducing the use of packaging materials has become one of the important measures for enterprises to fulfil our social responsibilities and promote sustainable development. MoKingRan is fully aware that the excessive use of packaging materials not only increases resource consumption but also imposes an unnecessary burden on the environment. Therefore, the Company actively takes steps to reduce the use of packaging materials. The Company prioritizes the use of environmentally friendly packaging materials to minimize the impact of waste disposal on the downstream environment. To facilitate more convenient full-chain data management of products, the Company has introduced recyclable RFID electronic tags. These tags are collected and reused before the products enter the retail phase. The electronic tags are capable of being read and written repeatedly, which greatly reduces the amount of paper used in the production process compared to paper tags. Throughout the entire lifecycle of the product, the tags can be rewritten multiple times as needed, effectively avoiding the waste of resources caused by disposable tags being discarded. This promotes the recycling of resources, aligning with the concept of sustainable development and environmental protection.

For the year 2024, the performance data of MoKingRan in terms of the environment is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Total water consumption	Tons	75,812
Water consumption per million revenues	Tons per RMB million revenue	3.85
Total packaging materials	Tons	22.77
Packaging materials consumption per million revenues	Tons per RMB million revenue	0.001

## 2.4 Impact of Climate Change

Addressing climate change is an essential requirement for achieving high-quality and green development. In response to the national “carbon peak and carbon neutrality” goals, MoKingRan regularly identifies and analyses the risks and challenges that climate change may bring, integrates climate change risk management into the entire production and operation process, and formulates corresponding strategies to fully promote energy conservation and emission reduction efforts, enhancing our capacity to respond to climate change. On this basis, MoKingRan gives full play to our own advantages, seizes green development opportunities, and promotes the sustainable development of ourselves and our partners.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Addressing the Risk of Climate Change**

MoKingRan, in accordance with the disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD), and in conjunction with our own business practices, identifies the risks of climate change on the Company's operations, assesses the extent of its impact on our business operations and management development, and formulates corresponding countermeasures:

Type of Risk	Climate-related Risks	Potential Impact	Response Measures
<b>Transformation risks</b>	Policy and legal risks	— The market is increasingly recognizing the risks brought by climate change. As domestic and international climate policies and regulations become stricter, it may increase companies' compliance costs and the pressure for information disclosure.	— Closely monitor the latest policy trends in addressing climate change, enhance the level of ESG information disclosure, and ensure operations are following the latest regulations. — Integrate climate change response measures into the Company's long-term development plan, fully considering the potential impact of relevant policy requirements on the Company's business development and financial costs.
	Market risks	— The shift in consumer behaviour towards the selection of green and eco-friendly products.	— Enhance product quality and product services, increase consumer satisfaction, actively advocate, and convey the concept of low-carbon and green consumption.
	Technological risks	— The low-carbon technology upgrade in the industry is accelerating, and traditional production equipment and processes may face the risk of decreased market competitiveness due to their inability to meet new standards.	— Actively innovating the production process with low carbon and environmental protection, using the solderless welding technology awarded with a national invention patent to avoid chemical pollution and the release of toxic substances, resulting in purer, healthier products and a more environmentally friendly process.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Type of Risk	Climate-related Risks	Potential Impact	Response Measures
	Reputation risks	<ul style="list-style-type: none"> <li>Failure to take proactive and effective climate response actions and timely disclose information to meet the needs of external stakeholders may lead to damage to the Company's reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Strictly adhere to the policy requirements of sustainable development, continually strengthen the sense of social responsibility, and continuously improve the quality of products and services.</li> <li>Provide transparent and effective channels for stakeholder communication, actively showcasing the Company's commitment and progress in environmental protection.</li> </ul>
<b>Physical risks</b>	Acute risks	<ul style="list-style-type: none"> <li>Due to extreme weather events such as floods, heavy rain, and typhoons, the Company faces risks such as asset damage, personnel loss, and disruption of production activities.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the frequency and scale of extreme weather events (such as typhoons, floods, storms, etc.) within the office area, an "Environmental Emergency Response Plan" has been compiled, which includes emergency measures for sudden extreme weather conditions, environmental pollution, and pollutant leaks, and has been filed with the local environmental protection bureau.</li> </ul>
	Chronic risks	<ul style="list-style-type: none"> <li>Due to the increase in temperature affecting the Company's normal operations or leading to an increase in operating costs.</li> <li>The disruption of raw material supply and price fluctuations have led to an increase in procurement costs.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously monitor the changing trends of chronic risks.</li> <li>By optimizing resource utilization and enhancing efficiency to alleviate cost pressures, continuously improve production and operation performance.</li> <li>Enhance supply chain management to improve the climate resilience of the supply chain.</li> </ul>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## Case: MoKingRan's Green Process Innovation Promotes Sustainable Development

As a venture specializing in high-purity gold jewellery, MoKingRan has driven green innovation in the gold processing field with our cyanide-free electroforming technology and non-soldered hard gold process. The cyanide-free electroforming technology uses non-toxic or low-toxic coordinating agents such as thiosulfates and sulfites to replace cyanides, effectively addressing the environmental and health risks posed by traditional cyanide electroforming, while ensuring the environmental friendliness and healthiness of the products. The non-soldered hard gold process employs a solderless welding technology patented at the national level, solving the issues of easy discoloration, shedding, insufficient quality, and causing allergic reactions to the wearer commonly found at solder joints in the traditional soldering process. This avoids chemical contamination and the release of toxic substances, thereby producing healthier, more low-carbon, and environmentally friendly products, leading the industry towards a green and sustainable future.

- **Seize the Opportunity of Green Development**

MoKingRan has been closely monitoring the top-level design of the national “carbon peaking and carbon neutrality” efforts, including policy documents such as “Opinions on Fully Implementing the New Development Concept for Carbon Peaking and Carbon Neutrality” and “The Notice of the State Council on Issuing the Action Plan for Carbon Peaking by 2030”, and actively responding to the various requirements of green and low-carbon development as outlined in the “14th Five-Year Plan for Industrial Green Development”. Based on our own business development experience and independent innovation capabilities, the Company is actively seizing opportunities for green development.

### Climate-related

Opportunities	Potential Impact	Response Measures
Resource efficiency	— The application of energy-saving new technologies and high-efficiency grade equipment helps enterprises achieve green, efficient, and low-carbon development.	— Phase out high-energy-consuming equipment and prioritize the use of energy-efficient motors, air conditioners, compressors, and other devices, actively introducing new energy-saving technologies.
Source of energy	— Reducing the use of fossil fuels and increasing the proportion of renewable energy will help enterprises transition to low-carbon and environmental protection.	— Actively promote the use of renewable energy, optimize production processes and energy usage interfaces, and reduce the use of fossil fuels.
Products and services	— Vigorously promoting the research and development and design of green, eco-friendly, and circular products can effectively adapt to changes in consumer preferences, help enterprises open new markets, and lead to new consumption concepts.	— Actively carry out the “replacement of old with new” business, promote the recycling of gold resources, and advocate for a new consumption trend of resource recycling and low-carbon environmental protection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Climate-related Opportunities	Potential Impact	Response Measures
Adaptability	— By strengthening supply chain management and collaboration, we can collectively enhance the capacity for climate adaptation.	— Give priority to the procurement of materials that meet green standards, prompting enterprises to strengthen cooperation and communication with suppliers, and promote the construction of a more environmentally friendly supply chain.

## Case: MoKingRan's "Trade-in for New" Campaign

MoKingRan actively implements the concept of circular economy, vigorously promotes the "trade-in for new" business, leading a new trend of green consumption. The old gold jewellery in the hands of consumers is revitalized through MoKingRan's "trade-in" service, transforming into stylish new accessories. This not only provides convenience for consumers and extends the life cycle of gold jewellery, but also effectively reduces the waste of gold resources and the potential environmental impact of the production process. In 2024, MoKingRan recycled 15.4 tons of old materials through the "trade-in for new" campaign, effectively promoting the development of a circular economy.

With our professional recycling and reprocessing technology, MoKingRan ensures the efficient recovery and full utilization of precious metals in old gold jewellery, demonstrating the Company's firm commitment to resource recycling and environmental protection, setting a benchmark for promoting the sustainable development of the industry.

## • Climate Targets and Indicators

In the face of the challenge of global climate change, setting clear climate targets and indicators has become a key measure in addressing this global issue. Climate targets are not only a commitment to the future but also a guide for the development of low-carbon transformation. By establishing scientific and reasonable climate indicators, we can quantify our emission reduction tasks, clarify responsibility allocation, and ensure that the implementation effects of various measures are evaluable and traceable.

### ■ Energy saving and greenhouse gas emission reduction targets

Key Environmental Indicators	Goal Setting
Energy consumption	— Taking 2020 as the base year, it is projected that by 2030, the energy usage per million revenues will decrease by 5% compared to 2020.
Greenhouse gas emissions	— Taking 2020 as the base year, it is expected that by 2030, the greenhouse gas emissions per million revenues will be reduced by 5% compared to 2020.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## ■ Indicators of energy consumption and greenhouse gas emissions

For the year 2024, our key performance indicators for energy usage and greenhouse gas emissions are as follows:

Indicator Name		Unit	The Fiscal Year 2024
Direct energy <sup>5</sup>	Natural gas	Cubic meters	155,224.21
	Gasoline	Liters	92,305.32
	Diesel	Liters	25,655.27
Indirect energy <sup>6</sup>	Purchased electricity	Ten thousand kWh	8,772,630
	Purchased steam	Tons	2,352.91
Total energy consumption <sup>7</sup>		Tons of standard coal	1,717.74
Total energy consumption per million revenues		Tons of standard coal per million revenue	0.09
Total greenhouse gas emissions <sup>8</sup>		Tons CO <sub>2</sub> equivalent	6,292.88
Among them, Scope 1(Direct greenhouse gas emissions)		Tons CO <sub>2</sub> equivalent	611.55
Scope 2 (Indirect greenhouse gas emissions)		Tons CO <sub>2</sub> equivalent	5,681.33
Emissions of greenhouse gas per million revenues		Tons CO <sub>2</sub> equivalent per RMB million revenue	0.32

<sup>5</sup> The statistical caliber of direct energy includes the usage of natural gas, gasoline, and diesel.

<sup>6</sup> The statistical caliber of indirect energy includes the volume of purchased electricity and purchased steam, among which the electricity consumption has increased due to the relocation to a new factory in 2024.

<sup>7</sup> The statistical caliber of the total comprehensive energy consumption includes the usage of natural gas, gasoline, diesel, as well as the usage of purchased electricity and purchased steam. The data for converting energy into standard coal is referenced from "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T 2589-2020) and "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T 2589-2008).

<sup>8</sup> The statistical caliber of greenhouse gas emissions includes emissions from both direct and indirect energy sources, with GWP values referenced from the "Sixth Assessment Report" published by the Intergovernmental Panel on Climate Change (IPCC). The emission factors for purchased electricity in scope two are referenced from the "Notice on the Release of the 2022 Power CO<sub>2</sub> Emission Factors" issued by the Ministry of Ecology and Environment.

## 3. PEOPLE-ORIENTED, SHARING THE GOOD

### 3.1 Building a Harmonious Team

MoKingRan insists on people-oriented principles and strictly abides by the labour-related laws and regulations such as “the Labor Law of the People’s Republic of China”, “the Labor Contract Law of the People’s Republic of China”, “the Social Insurance Law of the People’s Republic of China”, and “the Employment Promotion Law of the People’s Republic of China”, and establishes corresponding internal human resource management systems. Guided by the goal of building a harmonious team, we strictly adhere to fairness and justice in employment, operating in accordance with laws and regulations; we fully ensure the rights and interests of employees, strictly follow regulations to improve various policies; and resolutely put an end to illegal employment practices, creating a fair and just hiring environment for employees.

- **Equal and Compliance Employment**

MoKingRan opposes any form of discrimination during the recruitment process, adheres to the principle of avoiding conflicts of interest in special positions, and upholds the principles of “public recruitment, fair competition, and selection based on merit”. We are committed to building a legal and compliant system for labor recruitment and dismissal. MoKingRan continuously expands and enriches our channels for employee recruitment through various methods such as campus recruitment, social recruitment, and internal referrals. We also assess applicants in multiple aspects, including work ability, job fitness, and work attitude, to ensure the right person is placed in the right role. In addition, during the employment process, we respect and ensure the employees’ legal rights to know, participate, and supervise, striving to build an equal and fair team. MoKingRan strictly adheres to the relevant national laws and regulations, legally handling employee dismissals and resignations, fully protecting the legitimate rights and interests of both the Company and the workers and is committed to building a harmonious labor-employer relationship.

Clarifying the standards for the probation period

Based on the differences in job positions, MoKingRan has established a comprehensive and detailed standard system for the probation period. The duration of the probation period for different job categories is comprehensively determined by factors such as the nature of the position, the scope of responsibilities, and the required skills.

Building a process system

The regularization and termination processes are closely related to the career progression of employees within the Company. MoKingRan adheres to the principles of fairness and transparency, establishing a comprehensive and standardized procedural system.

- If an employee passes the defence and meets the regular conditions for becoming a regular employee, after the approval process for regularization is completed, we will assign them a position and implement the salary treatment after regularization.
- If an employee fails the defence or does not meet the assessment criteria during the probation period and is deemed unqualified after comprehensive evaluation by the defence panel, we will terminate the employment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Analyzing the reasons for employee turnover

MoKingRan places great importance on the issue of employee turnover during the probation period. By collaborating with departments and HR Business Partners (HRBP), we delve into the reasons for resignation, providing a basis for optimizing probation period management and training.

- Department analysis: Department heads conduct exit interviews with new employees who leave during their probation period to analyse the reasons for their departure and develop corresponding improvement measures. This process helps identify issues in management and training during the probation period, aiming to improve the retention rate and job adaptability of subsequent new employees.
- HRBP interview: When a probationary employee is going through the resignation process, the HRBP needs to conduct an exit interview to delve into the reasons for leaving and analyse them. Detailed notes on the reasons for resignation should be made in the system, and if necessary, feedback should be given to the department head for further analysis and improvement.

## • Protect the Rights of Employees

MoKingRan strictly implements the national laws and regulations related to compensation, working hours, holidays, etc., and has formulated management documents such as “Performance Management System”, “Attendance and Vacation Management Measures”, and “Employee Welfare Policy”, fully ensuring the legitimate rights and interests of employees, and achieving a win-win, long-term, and healthy development between the Company and our employees. During the Reporting Period, the supplementary insurance coverage rate for employees of MoKingRan reaches 100%.

Pay and performance system

- Capacity improvement: Use key performance indicators and critical operational actions as the core of performance management and measurement.
- Contribution first: Value and performance contributions are both considered the primary criteria for performance management and measurement, and performance outcomes are closely integrated with the incentive mechanism.

Attendance and leave management

- Attendance: Includes face recognition attendance and manual attendance.
- Leave: Includes legal holidays, personal leave, shift leave, sick leave, marriage leave, bereavement leave, maternity leave, lactation leave, and paid suspension period, etc.

Employee welfare policy

- Employee benefits: Providing employees with social insurance, housing provident fund, supplementary medical benefits, and offering spring benefits, Mid-Autumn Festival benefits, etc., during national statutory holidays and specific periods.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- **Eliminate Child Labour and Forced Labour**

MoKingRan strictly abides by the relevant national laws and regulations, and opposes any form of forced labour, child labour, and other illegal employment practices. We have formulated and officially issued the “Policy against Child Labor and Forced Labor,” explicitly prohibiting the use of child labour or forced labour in any business operations. During the Reporting Period, MoKingRan did not engage in any violations such as using child labour or forced labour.

Recruitment process management	—	The relevant departments of us verify the valid identity documents and age-proof documents of candidates to ensure that the candidates’ employment qualifications meet the legal requirements.
	—	We conduct background checks on all applicants and take additional measures such as on-site visits for some applicants from high-risk areas to ensure the legitimacy of the application process.
Recruitment channel management	—	We prioritize direct recruitment to reduce potential risks associated with hiring through agencies.
	—	In cases of cooperation with recruitment agencies, it is required that they provide compliance certification and sign agreements against child labour and forced labour.
Employee training and awareness enhancement	—	We regularly conduct training for the human resources and recruitment teams, covering topics such as identifying risks of child labor and forced labor, handling suspicious situations, interpreting relevant laws and regulations and Company policies, with at least one comprehensive training session held annually for all staff.
	—	Utilize multiple channels such as internal communications, bulletin boards, and email to promote the anti-child labor and forced labor policies and their importance to all employees and encourage employees to report suspicious behaviors through case sharing.
Supervision and reporting mechanism	—	An internal oversight team has been established to conduct inspections and spot checks on recruitment and employment practices on a quarterly basis. An anonymous reporting hotline has also been set up, allowing employees and external stakeholders to report through phone, email, or an online platform. All reports will trigger an investigation within 48 hours and will be completed with measures taken within 30 days.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Comprehensive policy evaluation — We conduct a comprehensive evaluation of our anti-child labor and forced labor policies annually, updating them according to the latest regulations and industry best practices. We set key performance indicators for tracking and analysis, collect feedback through employee satisfaction surveys, and collaborate with industry associations and non-governmental organizations to learn from advanced experiences.

- **Employee Diversity and Inclusion**

Under the guidance of the talent concept, MoKingRan promotes diversity and inclusiveness, and we are committed to ensuring that all employees enjoy equal opportunities in all aspects, from recruitment to training, welfare security, as well as career and personal development during their tenure with the Company, treating everyone with equality. In addition, the Company also actively advocates a culture of work-life balance, striving to create a positive and comfortable working environment for employees. Moreover, the policies are equally applicable to all employees regardless of age and gender. To ensure the fairness of employee compensation, the Company carries out internal evaluations and self-assessments by employees, and motivates, attracts, and retains outstanding talents through an equity incentive plan. Meanwhile, MoKingRan has been actively promoting employee diversity measures. The Company fully considers the actual needs of the job and actively recruits retired rehires, interns, and people with disabilities, effectively addressing the employment issues of groups with employment difficulties. We provide equal job opportunities for people from different backgrounds, greatly enriching the diverse composition of the workforce.

- **Employment-related Performance Data**

For the year 2024, the diversity of employee hiring at MoKingRan and other related performance data is as follows:

Indicator Name		Unit	The Fiscal Year 2024
Total number of employees		Person	1,884
Number of employees by type of employment	Full-time	Person	1,884
	Part-time	Person	0
Number of employees by gender	Male	Person	1,019
	Female	Person	865
Number of employees by age group	Under the age of 30	Person	613
	Aged 30–50	Person	1,178
	Over 50 years old	Person	93
Number of employees by rank	Management level	Person	16
	Middle level	Person	39
	Regular	Person	1,829



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Indicator Name		Unit	The Fiscal Year 2024
Number of employees by region	Within Shandong Province	Person	1,463
	Outside Shandong Province	Person	421
Proportion of minority employees		%	0.96
Proportion of foreign employees		%	0.05
Proportion of women in management positions		%	20.00
Employee turnover rate		%	29.12
Employee turnover rate by gender	Male	%	29.92
	Female	%	28.16
Employee turnover rate by rank	Management level	%	23.81
	Middle level	%	11.36
	Regular	%	29.46
Employee turnover rate by age	Under 30 years old	%	34.99
	Aged 30–50	%	26.47
	Over 50 years old	%	17.70
Employee turnover rate by region	Within Shandong Province	%	27.43
	Outside Shandong Province	%	34.42

*Note:* The formula for calculating employee turnover rate: Turnover ratio = Total number of employees who left during the year/(Number of employees at the end of the year + Number of employees who left at the end of the year).

## 3.2 Employee Health and Safety

MoKingRan always prioritizes the health and safety of our employees. By establishing an environmental, health, and safety management system, compliance audits are conducted on a regular basis. In accordance with the “Production Safety Law of the People’s Republic of China”, “Labor Contract Law of the People’s Republic of China”, “Occupational Disease Prevention Law of the People’s Republic of China”, “Emergency Response Law of the People’s Republic of China”, “Measures for the Control of Work Safety Risks in Shandong Province”, and “Measures for the Investigation and Management of Work Safety Hidden Dangers in Shandong Province”, management systems such as “Fire Safety Management System”, “Safety Risk Grading Control and Hidden Danger Investigation and Management System”, “Quality/Environment/Occupational Health and Safety Management Manual”, and “Production Safety Emergency Management Plan” have been formulated. The Company has obtained ISO4500 occupational health and safety management certification, established a long-term operational mechanism, and ensured safe production. MoKingRan has not experienced any major occupational and workplace safety incidents during our operations. No casualties occurred among employees due to work-related incidents. Nor have we been subject to any administrative penalties for violations of safety-related laws, regulations, rules, or regulatory documents.

- Conduct a comprehensive safety inspection once a month. Organize weekly safety production morning meetings for workshops and teams. Regular safety education, training, inspections, and assessments are conducted for employees.
- Batch training for employees and special operation personnel on national safety laws and regulations, Company safety management systems, and operation procedures, to achieve the goal of safety education for all employees, and to conduct Company-level safety education and training for new employees.
- Regular emergency drills are conducted, and the relevant rules and regulations are improved. Special inspections are carried out targetedly during key special periods such as holidays, safe production month, rainy season, and winter. Regular or irregular safety inspections are implemented in various workshops, with a plan to carry out at least 50 special inspections throughout the year.
- Explain and classify the definition and types of hazard sources, compare the differences between hazard sources and hidden dangers, and establish files for them. Also, set up warning signs and corresponding emergency response measures on-site.
- According to the “Basic Specifications for Enterprise Safety Standardization,” improve the standardization of safety management, regulate production behaviour, and ensure that each production link meets the requirements of relevant safety production laws, regulations, and standards.
- The outsourcing team organizes safety training and examinations for employees of the outsourcing unit, informing them of the Company’s internal safety management system. Construction can only proceed after the employees of the outsourcing unit have passed the examination. For larger outsourcing projects, it is necessary to strengthen inspections and carry out corresponding records.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Figure 1 — Emergency Drill



Figure 2 — Emergency Drill



Meanwhile, MoKingRan strictly adheres to the standards of occupational health management, ensuring the occupational health of employees from onboarding to resignation, including pre-employment and pre-resignation occupational disease check-ups, regular occupational health inspections, employee health check-ups, and the provision of necessary protective equipment on an annual basis. The Company also significantly enhances employees' awareness of occupational disease prevention by organizing occupational health lectures and inviting professional physicians to conduct first aid training, achieving zero occurrences of occupational disease incidents, and ensuring the occupational health and safety of employees.

Establishing occupational health management systems	—	Establish professional health management organizations and develop professional health management systems and operational procedures.
Implementing testing and training	—	Regular detection and assessment of occupational disease hazards are carried out, and occupational health training is organized to enhance employees' awareness of occupational health and protective skills.
Improving warning signs	—	Set up warning signs for occupational disease hazards and Chinese warning instructions to enhance the on-site warning effect.
Implementing protection and notification	—	Ensure personal hygiene and protection measures are in place, fulfill the obligation to inform, which includes contracts, bulletin boards, warnings, hazards of raw materials and equipment, as well as training notifications.
Promoting health checks and declarations	—	Organize staff for occupational health check-ups, and promptly report occupational disease hazard items.
Establishing emergency and archive management	—	Develop an emergency rescue plan for occupational disease hazard accidents and implement the relevant facilities, establish occupational health files and health monitoring files.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Figure 1 — Health Lecture



Figure 2 — Health Lecture



Figure 3 — Occupational Hazard Detection



For the year 2024, the performance data for the health and safety of employees of MoKingRan is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Number of deaths due to work-related accidents	Person	0
Proportion of deaths due to work-related accidents	%	0
Number of working days lost due to work-related injury	Days	71.5

## 3.3 Focus on Employee Development

MoKingRan places a high priority on employee development, considering it a key support for the long-term growth of the Company. We have built a comprehensive and systematic training system for employees, offering diverse training programs in skills research and development, management, and other areas tailored for different levels and business fields. These programs cover key directions such as cutting-edge technology, intangible cultural heritage inheritance, and digital marketing. The Company actively explores innovative talent cultivation models and continuously optimizes training effectiveness based on detailed performance data. At the same time, adhering to advanced talent development concepts, we advocate diversity and inclusiveness, actively create a positive work environment, and ensure fair compensation. The Company vigorously promotes a dual-channel promotion model of “management sequence + expert sequence” and fully taps into employee potential through measures such as internal competition and a “skills points bank”, comprehensively promoting employee growth and career development.

- **Employee Training**

MoKingRan places a high value on talent cultivation and staff training, committed to building a diverse and specialized talent pool. Through a series of effective measures, we provide employees with a wealth of training programs and broad development opportunities. The Company advocates for employee participation in various activities, driving innovation and breakthroughs in different business areas, thereby enhancing market competitiveness.

The employee training activities of MoKingRan cover staff at different levels and can be divided into skill research and development training and management training. In terms of skill research and development training, MoKingRan, with the help of advanced technology and innovative platforms, focuses on cultivating high-skilled talents and patent technology research and development, injecting strong momentum into our technological innovation and industrial upgrading. In management training, MoKingRan builds a comprehensive system around “strategic leadership” and introduces digital tools to enhance the management capabilities and decision-making science at all levels, helping the Company operate efficiently and develop sustainably.

Technical research and development training

— 5G Smart factory and the reserve of high-skilled talents:

As the first “5G Smart Factory” in China to receive certification from the Ministry of Industry and Information Technology, MoKingRan has utilized advanced equipment such as automated robotic arms and intelligent logistics systems to increase production efficiency by 40%, while maintaining a product purity consistently at 999.99%. Leveraging the “Digital Workshop System”, MoKingRan has established a training base for intelligent manufacturing, covering cutting-edge technical fields such as 3D printing and CNC precision carving, and has cumulatively trained more than 200 digital craftsmen. Among them, 30 traditional artisans have successfully transitioned into “digital craftsmen”, laying a solid foundation for the reserve of highly skilled talents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- Patent technology research and development team building:

MoKingRan has achieved remarkable results in the research and development of patented technologies, owning 47 invention patents, including 2 “China Patent Excellence Awards”, and has presided over the drafting of 10 national standards. The Company has continuously expanded our research and development team, which now has a scale of 110 members. The core members actively participate in the national level “Torch Program” projects. With technological innovation, they have developed the solderless welding technology into an industry benchmark, effectively promoting the technological progress of the industry.

## Management training

MoKingRan has established a comprehensive three-tier leadership development system covering the high, middle, and grass-roots levels, centred around “strategic leadership”:

- Executives: Carry out the “Strategy Workshop” activity, closely integrating industry trends with the Company’s digital transformation goals and invite external experts to share cutting-edge topics such as global supply chain management and ESG strategy. Through communication and learning, encourage the executive team to formulate a “Smart Manufacturing + Cultural IP” dual-wheel driving strategy.
- Middle-level managers: Implement the “Pilot Plan”, arrange job rotation between the supply chain and marketing departments, and organize leadership courses in project management, goal management, and organizational transformation innovation. These measures effectively enhanced the overall management capabilities of middle-level managers, enabling them to better handle challenges in their work.
- Front-line managers: Through team management and lean efficiency improvement projects, front-line supervisors have learned to flexibly adjust their management style based on the ability and willingness of employees, enhancing on-site management efficiency, and achieving the goals of cost reduction and efficiency increase.
- Application of digital leadership tools: MoKingRan has implemented the SAP system to integrate production data and business indicators, providing real-time data support for decision-making. For instance, the management level can swiftly adjust the investment priority of intelligent manufacturing equipment by analysing efficiency data from the production end, enhancing the scientificity and precision of resource allocation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



**Experience Workshop Exchange**



**MoKingRan SAP ERP Implementation Project Kick-off Meeting**

MoKingRan has actively explored in the field of talent cultivation to adapt to the industry development trends and the strategic needs of the Company. By implementing targeted training programs in key areas such as intangible cultural heritage inheritance and cultural creativity, digital talent, and marketing, we provide a growth platform for employees, promoting the diverse development and innovative breakthroughs of the Company's business. In terms of cultivating talent in intangible cultural heritage inheritance and cultural creativity, MoKingRan actively integrates resources, builds innovative platforms, and is dedicated to deeply integrating traditional intangible cultural heritage crafts with modern creative design, cultivating professional talents with both traditional heritage and innovative capabilities for the industry. Facing the digital wave, MoKingRan focuses on the cultivation of digital talent and the building of a marketing team, enhancing the team's digital marketing capabilities and promoting the coordinated development of online and offline businesses through the construction of a diverse training system and innovative operation model.

Intangible cultural heritage inheritance and cultural entrepreneurship talent training

- Inheritance of intangible cultural heritage crafts and collaboration with masters:

In collaboration with a hundred national-level intangible cultural heritage masters, the "Master Craftsmanship" series was launched, incorporating intangible cultural heritage techniques such as filigree inlay. It has nurtured about 30 provincial-level internally certified intangible cultural heritage artisans. The "Intangible Cultural Heritage Innovation Laboratory" provides annual training for over 1,000 individuals, contributing to the works winning international awards.

- Cultural IP and cross-border design:

Establishing the "National Trend Design Center" has attracted young designers and intangible cultural heritage inheritors to collaborate, launching best-selling series, which has captured 59% of the Generation Z consumer market.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Digital talent and marketing team building

- All-domain marketing talent development system:

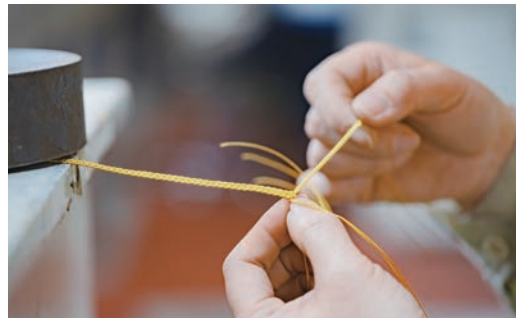
Build a “celebrity + KOL + KOS” matrix, cultivate about 20 internal content operation experts, cover multiple platforms, achieve over 1 billion online exposures, and increase offline store traffic by 35%.

- Digital marketing institute course development:

Establish the “Digital Marketing Institute”, collaborate with external parties to develop courses, and enhance personnel’s ability to convert private domain traffic.

- The intelligent service and channel management team creates:

By systematically integrating training, about 200 omnichannel operation specialists have been cultivated to achieve a closed loop of online and offline sales, with franchisee satisfaction reaching 90%, and annual sales revenue exceeding RMB19.7 billion.



**MoKingRan’s Intangible Cultural Heritage Inheritance and Cultural Entrepreneurship Talent Training**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

For the year 2024, the performance data for employee training at MoKingRan is as follows:

Indicator Name		Unit	The Fiscal Year 2024
Percentage of trained employees <sup>Note 1</sup>		%	100
Proportion of trained employees by gender	Male <sup>Note 2</sup>	%	100
	Female	%	100
Proportion of trained employees by rank	Senior employees	%	100
	Middle employees	%	100
	Junior employees	%	100
Total training hours for employees		Hours	32,862
Average training hours for employees		Hour per person	17.44
Average training hours divided by gender	Male	Hour per person	17.09
	Female	Hour per person	21.17
Average training hours divided by rank	Senior employees	Hour per person	21.33
	Middle employees	Hour per person	20.09
	Junior employees	Hour per person	16.68

Note 1: Percentage of trained employees = Number of trained employees/Total number of employees.

Note 2: The training percentage of a certain category of employees = the number of employees trained in that category/the total number of employees trained in that category.

## • Promotion Mechanism

MoKingRan adheres to the core talent development philosophy of “technology leadership, cultural heritage, and digital empowerment”, continuously deepening our brand positioning as “China’s high-purity precision gold jewellery expert”. Focusing on the layout of the entire industry chain, we build a versatile talent system of “technical artisans + cultural inheritors + digital pioneers”. Through a vertically integrated operation model, we cover the entire chain of gold and jewellery design, production, and marketing, providing employees with cross-domain growth opportunities. This initiative has led the Company to be successfully selected for three consecutive years into the “Top 500 Chinese Brands” and “Top 500 Asian Brands”.

In terms of employee compensation, promotion, and reward mechanisms, the Company vigorously implements a dual-channel promotion model of “management sequence + expert sequence”. When there is a vacancy within the Company, we actively promote internal recruitment, building a path for lateral development and vertical promotion for internal staff, fully tapping into the potential of internal talents and stimulating employees’ enthusiasm and creativity. At the same time, the Company has established a “Skill Points Bank” to encourage employees to actively participate in learning and training activities on their own initiative, and to share their skills and experience, achieving comprehensive coverage of more than 80% of position training resources. These mechanisms effectively motivate employees to continuously improve their skills, strongly promoting their career development. In 2024, a total of 69 employees at MoKingRan received promotions, with women accounting for 36.23%.

## 3.4 Effective Employees Care

MoKingRan always prioritizes employee care, actively builds communication bridges, and genuinely focuses on the interests of our staff. The Company has set up a dedicated email box for the general manager, smoothing the channels for employee feedback. When formulating systems involving the immediate interests of employees, the Company fully listens to the opinions of our staff to ensure the scientific and rationality of the policies. In terms of welfare and care, the Company organizes a filial piety fund distribution event, issuing RMB2,400 to each parent of employees who have been with the Company for more than a year. The event also includes a lucky draw for employees' family members, adding a warm atmosphere. Moreover, the annual Spring Festival gala is meticulously planned, featuring over twenty stage performances, recognizing more than ninety outstanding teams and individuals, and offering generous prizes. Through lucky draw activities, we give back to our employees, making them genuinely feel the Company's care and attention.

### Case: Annual Filial Piety Fund Distribution Ceremony

MoKingRan has always practiced our care for employees in real terms. Since 2013, we have established the "Filial Piety Fund", which has been distributed continuously for 11 years. The fund's operation mechanism involves employees contributing RMB100 from their monthly salary, while the Company also deposits RMB100 for each participating employee, jointly forming the "Filial Piety Fund". At the end of each year, the Company holds a distribution ceremony for the Filial Piety Fund in Mengjin Town and arranges for a group meal. On January 12, 2024, nearly 500 employees' parents received RMB2,400 each at the ceremony, with a total distribution of about RMB2.6 million for that year. This initiative not only makes employees feel our care but also conveys the filial culture, highlighting our sense of social responsibility. MoKingRan interprets our care for employees through concrete actions, continuously deepening this warm caring initiative and steadily advancing on the path of cultural heritage and caring for employees.



The Annual Spring Festival Celebration of MoKingRan

## 4. JOIN HANDS IN COOPERATION FOR A WIN-WIN FUTURE

### 4.1 Supply Chain Management

Supply chain management has become a key element of the core competitiveness of enterprises. For MoKingRan, efficient supply chain management is not only the foundation for ensuring stable product supply and improving operational efficiency, but also an important guarantee for achieving sustainable development of the enterprise. MoKingRan understands well that a transparent, efficient, and sustainable supply chain system can effectively reduce operating costs, enhance market responsiveness, and provide consumers with better products and services. Therefore, MoKingRan is committed to building a comprehensive, scientific, and sustainable supply chain management system, developing comprehensive policies and detailed procedures, optimizing procurement processes, strengthening supplier partnerships, building a sustainable supply chain, and comprehensively enhancing the resilience and competitiveness of the supply chain, laying a solid foundation for the long-term development of the enterprise.

- **Supplier Selection**

MoKingRan places great importance on supplier management and has formulated a detailed “Supplier Management Measures”, which includes procurement policies, supplier selection, evaluation, and supervision, strictly adhering to the relevant rules and regulations for supplier management. The Company implements a comprehensive supplier onboarding audit process, covering aspects such as supplier development and certification, giving priority to suppliers with complete qualifications and a strong commitment to social responsibility.

When screening suppliers, MoKingRan requires that they must have a valid business license, a tax registration certificate, and registered capital that meets the requirements. If the supplier has intellectual property registration, it must be clearly marked, and relevant proof must be provided. In addition, the supplier must also have the quality and testing capabilities that meet the requirements. For long-term cooperative suppliers, the procurement staff need to regularly review their business qualifications, reputation, service quality, product quality, and price, and continuously track the product and service information of the selected suppliers. The Company collects and records the supplier’s product and business information based on the feedback of the quality of the products, on-site usage, and after-sales service from the using departments. These records will serve as an important basis for supplier assessment. Moreover, MoKingRan gives priority to suppliers that provide environmentally friendly products and services when selecting suppliers, to promote the sustainable development of the supply chain.

- |                                  |   |   |
|----------------------------------|---|---|
| On-site evaluation               | — | The relevant responsible departments conduct on-site inspections of suppliers, with a focus on evaluating whether they have their own processing factories, as well as the situations of production qualifications, product categories, production capacity, and product pricing. |
| Style and craftsmanship approval | — | The business-related departments review the product styles to ensure they meet the regional sales requirements and have differentiation and characteristics from the existing products in stock.  |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Sample review	— The quality inspection department conducts a rigorous examination of the product's craftsmanship, color, and appearance to determine if it meets the standards for a qualified product.
Price determination	— After the sample is confirmed to be qualified, the responsible department conducts price negotiations and finalizes the price, which is then submitted to the Director of the Product Management Center for approval.
Supplier activation	— After the approval of each section, the responsible department signs the contract and completes the stamping process, which needs to go through the review of the finance, legal, and board of directors of the Company, and finally becomes effective.
Access period	— The supplier access implements a validity period system, with a term of one year, and undergoes an annual review. After the expiration, a re-examination is required. Suppliers who fail the re-examination will have their access qualification revoked.

### • Supplier Evaluation

MoKingRan continuously monitors supplier performance and potential risks to establish a more sustainable supply chain. A series of evaluation and supervision measures have been implemented to optimize product quality and environmental performance by the Company. The procurement department will conduct evaluations on suppliers and establish files for each of them. The supplier files include "Supplier Questionnaire", "Supplier Evaluation Form", and qualification documents provided by the suppliers, with a particular focus on the suppliers' environmental and reputation issues in the table documents.

The supplier audit procedure of MoKingRan is rigorous and efficient, covering key steps such as selecting the evaluation cycle, determining the scoring template, and maintaining the information of the raters. After the establishment is completed and submitted, scoring can be executed. During the scoring process, a comprehensive evaluation of the supplier is conducted, and a detailed evaluation file is generated. After the summary statistics are completed, the scores are released, and the supplier can view their evaluation results.

In terms of rating methods, MoKingRan's assessment content is comprehensive and meticulous, covering key indicators such as the industry status of suppliers, exchange accuracy, after-sales service, and price. The Company implements a strict scoring system, where only suppliers who pass the assessment are included in the qualified supplier management system, ensuring the high quality and stability of the supply chain.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

For the year 2024, MoKingRan implemented the policies and practices regarding supplier recruitment and management for all our suppliers. Other performance data in supplier management is as follows:

Indicator Name	Unit	The Fiscal Year 2024
Total number of suppliers	/	1,387
Among them:		
The number of suppliers in mainland China	/	1,380
The number of suppliers in the Hong Kong, Macau, and Taiwan regions	/	1
The number of suppliers in overseas regions	/	6
The number of practices implemented with suppliers	/	1,387

- **Responsible Purchasing**

Responsible procurement can not only ensure the stability and efficiency of the supply chain but also bring positive impacts to society and the environment. MoKingRan is committed to building a transparent, sustainable, and ethically responsible procurement system. By rigorously screening suppliers, optimizing procurement processes, and promoting the sustainable development of the supply chain, we ensure that the products and services procured not only meet quality requirements but also align with environmental, social, and ethical standards, establishing a sustainable supply chain in partnership with suppliers.

For many years, MoKingRan has established a stable supply network for main raw materials such as gold and diamonds. In addition to raw materials, we also purchase finished products and components from suppliers as needed. The proportion of finished products and components in our total procurement amount is minimal. According to our internal policy, our procurement department conducts a multi-faceted assessment of newly selected suppliers, regularly evaluates the qualifications of suppliers, and removes unqualified suppliers to ensure that external suppliers meet all requirements. During the Reporting period, we did not experience any shortage of raw materials supplied by our suppliers, and we expect that there will not be any supply chain restrictions that will have a significant adverse effect on our operating performance.

In recent years, consumers have gradually become aware of the risks of conflict financing, which stem from purchasing diamonds originating from areas where human rights violations are rampant. To this end, we strictly manage the sources of raw materials, enhance the transparency and traceability of the supply chain, and ensure that all raw materials come from non-conflict areas. We resolutely prohibit any acts that violate human rights, and to prevent such incidents, our Company has become a member of the Shanghai Diamond Exchange and currently exclusively procures diamonds from the Shanghai Diamond Exchange, thereby ensuring the legitimacy and compliance of diamond sources. Meanwhile, MoKingRan and our subsidiaries purchase gold materials through the Shanghai Gold Exchange or from designated refineries approved by the Shanghai Gold Exchange, ensuring the procurement of standard gold ingots. During the Reporting Period, our Company was not involved in any diamond dispute incidents. Furthermore, we recognize the environmental impact of finished product packaging materials, especially those with high greenhouse gas emissions and materials that use toxic chemicals. Therefore, we strive to promote a green supply chain, prioritizing the use of environmentally friendly packaging materials to reduce the impact of waste treatment on the downstream environment.



## 4.2 Community Development

MoKingRan actively fulfils our corporate social responsibilities, firmly believing that a healthy social development is a vital component of the sustainable development of the enterprise. We contribute to community development from multiple dimensions. In the field of public welfare activities, we vigorously carry out charitable donations and actively participate in educational public benefit activities, infrastructure construction, and cultural development, helping to revitalize rural areas. In terms of sustainable development, we practice the concept of energy conservation and environmental protection by strengthening environmental protection systems, reasonable site selection planning, and enhancing employees' environmental awareness. In promoting industry development, we construct an operation model spanning the entire industry chain, leading the industry with technological innovation, the establishment of quality assurance systems, and numerous industry honors. Actively participating in the work of industry associations, we demonstrate corporate responsibility and promote the all-around development of the community.

- **Public Welfare Activities**

MoKingRan has always been committed to contributing to social welfare and fulfilling our corporate social responsibilities. We actively engage in educational public welfare, carry out charitable donation activities, vigorously support children's welfare, promote the construction and development of hope schools, and establish university scholarship programs. At the same time, we actively contribute to infrastructure construction and cultural construction projects, fully support rural revitalization, and promote the harmonious development of society. For the year 2024, the Company's external donations reached about RMB1.287 million.

### Case: One Day Donation of Mercy

MoKingRan has always adhered to the corporate spirit of "pursuing excellence and contributing to society", inheriting the fine tradition of "helping the needy and being generous". Actively fulfilling our social responsibilities, the Company initiates participation in the "One Day of Charity Donation" event from the perspective of promoting social development. In this event, the Company and all employees actively donated, with a cumulative donation amounting to RMB200,000, demonstrating our commitment and love through actions.

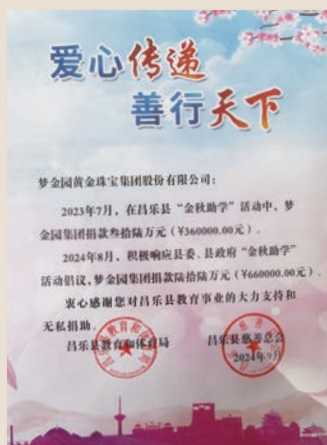




## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Case: Autumn Aid-for-Study Event

In August 2024, MoKingRan actively responded to the initiative of the “Golden Autumn Educational Assistance” activity launched by the Party Committee and the Government of Changle County, donating RMB660,000. For two consecutive years, MoKingRan ranked first in the county in terms of donation amount in this activity, and our actions have won widespread recognition. Mr. Wang Xiao, Secretary of the Party Committee of Changle County, fully affirmed MoKingRan’s public welfare behaviour, and people from all walks of life also expressed their praise. At the 2024 autumn opening ceremony of Changle No.1 High School and the Teacher’s Day celebration, Wang Zhongshan, a representative of the MoKingRan Zhongshan Scholarship, attended the event. This not only reflects MoKingRan’s sustained attention and strong support for the education cause but also highlights the Company’s positive contribution to promoting the development of social education.



- **Promote Industry Development**

MoKingRan is dedicated to promoting the prosperity and development of the gold and jewellery industry. The Company strives to build an internationally influential, world-class gold and jewellery brand by establishing an operational model that encompasses the entire industry chain, showcasing China’s unique aesthetic charm and exceptional craftsmanship.

#### *Industrial Innovation*

MoKingRan has always prioritized independent technological innovation and the construction of a quality assurance system as our core tasks, actively promoting industry innovation and development. The Company has established a jewellery processing machinery technology research and development center, a gold testing and detection center, and a jewellery design research and development center, building a scientific design, production, and inspection management system. We have constructed a comprehensive quality assurance system and passed multiple authoritative certifications, including ISO9001 quality management and ISO14001 environmental management. Our testing center has also obtained the Recognition Certificate from the China National Accreditation Service for Conformity Assessment (CNAS certificate) and the mutual recognition from the International Laboratory Accreditation Cooperation (ILAC).

*Industry Honor*

MoKingRan is ranked 196th on the “2024 China’s Most Valuable Brands” list, up 5 places from 2023, and is ranked fourth in the jewellery industry. As a vice-president unit of the China Gem & Jewellery Trade Association and the China Gold Association, the Company has won more than a hundred honorary titles, including 2 “China Patent Excellence Awards”, “China’s Top 500 Brands”, and “China’s 500 Most Valuable Brands”, covering various fields such as brand value, manufacturing strength, industry contribution, and technological innovation. For several consecutive years, we have been at the forefront of gold jewellery processing volume and gold jewellery sales revenue. It is a national intellectual property demonstration enterprise and a leading enterprise. MoKingRan sets an example for the industry through practical actions.

*Industry Collaboration*

MoKingRan actively participates in the construction of national and local industry associations. In addition, we are continuously involved in the formulation of national standards, industry standards, and group standards in the gold and jewellery field, promoting industry standardization and high-quality development with practical experience.

**Extensively Participate in Industry Associations**

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- China Gold Association
- China Gem & Jewellery Trade Association
- Shandong Province Gem & Jewellery Trade Association
- Shandong Province Arts and Crafts Association
- Weifang City Arts and Crafts Association
- Weifang Intangible Cultural Heritage Protection Association

**Actively Participate in Standard Development**

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National standards	“Gold Ingots” GB/T 4134-2015
	“Commodity After-sales Service Evaluation System” GB/T27922-2011
	“Guidelines for Business Enterprise Brand Evaluation and Corporate Culture Construction” GB/T27925-2011
Industry standards	“Jewellery and Accessories Business Service Standards” SB/T10653-2012
Group standards	“Chemical Analysis Methods for High Purity Gold” T/SDAS 4-2016
	“Traditional Gold Jewellery” T/CGA019-2021

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Case: Special Enterprise Bonuses

To actively promote the development of social creativity and talent cultivation, MoKingRan has demonstrated a high sense of social responsibility. Over the past two years, MoKingRan has set up a corporate award fund of RMB100,000, aiming to encourage college students to actively engage in creative endeavours and inject new vitality into the brand with their youthful creativity. Among the awarded works, “We Are Young” received an additional “Corporate Special Prize” of RMB5,000 from MoKingRan. On January 5, 2024, MoKingRan and the China College Student Advertising Art Festival successfully held the unveiling ceremony of the Campus Creative Practice Base and the Corporate Special Prize awarding ceremony at Shandong Foreign Affairs Vocational University. At the event, MoKingRan officially awarded the “Corporate Special Prize” to the works and took the opportunity to encourage students who are full of dreams and in the prime of their youth to strive for their dreams and move forward. Li Zhe, Brand Director of MoKingRan, explicitly stated the hope that both the school and the enterprise will continue to expand cooperation in practical teaching, industry-education integration, and talent cultivation, to cultivate more talents with practical skills and creative thinking.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## ESG INDEX TABLE

ESG Indicators		The Section
<b>Environment</b>		
A1 Emissions	<p>General Disclosure: Information regarding emissions of waste gases and greenhouse gases, discharge into water and land, generation of hazardous and non-hazardous waste, etc.:</p> <p>(a) Policies; and</p> <p>(b) Information on compliance with laws and regulations that have a significant impact on the issuer</p> <p>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p>Hazardous wastes are those defined by national regulations.</p> <p>A1.1 The types of emissions and respective emissions data.</p> <p>A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>A1.5 Description of emission target(s) set and steps taken to achieve them.</p> <p>A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	<p>Emission Management</p> <p>Emission Management</p> <p>Emission Management</p> <p>Environmental Management, Emissions Management</p> <p>Environmental Management, Emissions Management</p>
A2 Use of Resources	<p>General Disclosure: Policies on the effective use of resources (including energy, water, and other raw materials)</p> <p>Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.</p> <p>A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p> <p>A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p> <p>A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Resource Utilization, Impact of Climate Change</p> <p>Resource Utilization, Impact of Climate Change</p> <p>Resource Utilization</p> <p>Environmental Management, Resource Utilization</p> <p>Environmental Management, Resource Utilization</p> <p>Resource Utilization</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

ESG Indicators		The Section
A3 The Environment and Natural Resources	<p>General Disclosure: Policies to reduce the significant impact of the issuer on the environment and natural resources.</p> <p>A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	Resource Utilization
<b>Society</b>		
B1 Employment	<p>General Disclosure: Information relating to compensation and termination, recruitment, and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other treatment and benefits:</p> <p>(a) Policies; and</p> <p>(b) Information on compliance with laws and regulations that have a significant impact on the issuer</p> <p>B1.1 Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p>	Building a Harmonious Team
B2 Health and Safety	<p>General Disclosure: Regarding the provision of a safe working environment and the protection of employees from occupational hazards:</p> <p>(a) Policies; and</p> <p>(b) Maintain information about the relevant laws and regulations that have a significant impact on the issuer</p> <p>B2.1 Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	Employee Health and Safety
B3 Development and Training	<p>General Disclosure: Policies regarding enhancing the knowledge and skills of employees in performing their job duties, describing training activities.</p> <p>Note: Training refers to vocational training, which may include internal and external courses paid for by the employer.</p> <p>B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p> <p>B3.2 The average training hours completed per employee by gender and employee category.</p>	Focus on Employee Development

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

ESG Indicators	The Section	
B4 Labor Standards	General Disclosure: Regarding the prevention of child labour or forced labour:	Building a Harmonious Team
	(a) Policies; and	
	(b) Information on compliance with laws and regulations that have a significant impact on the issuer	
	B4.1 Description of measures to review employment practices to avoid child and forced labour	Building a Harmonious Team
	B4.2 Description of steps taken to eliminate such practices when discovered.	Building a Harmonious Team
B5 Supply Chain Management	General Disclosure: Policy on Managing Environmental and Social Risks in the Supply Chain	Supply Chain Management
	B5.1 Number of suppliers by geographical region	Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility	General Disclosure: Information regarding the health and safety, advertising, labelling, privacy matters, and remedies of the provided products and services:	Product Responsibility
	(a) Policies; and	
	(b) Information on compliance with laws and regulations that have a significant impact on the issuer	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
	B6.2 Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	B6.4 Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

ESG Indicators	The Section
B7 Anti-corruption	<p>General Disclosure: Regarding the prevention of bribery, extortion, fraud, and money laundering:</p> <p>(a) Policies; and</p> <p>(b) Information on compliance with laws and regulations that have a significant impact on the issuer</p> <p>B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. Business Ethics</p> <p>B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. Business Ethics</p> <p>B7.3 Description of anti-corruption training provided to directors and staff. Business Ethics</p>
B8 Community Investment	<p>General Disclosure: Policies regarding community engagement to understand the needs of the communities in which they operate and to ensure that their business activities consider community interests Community Development</p> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). Community Development</p> <p>B8.2 Resources contributed (e.g. money or time) to the focus area. Community Development</p>
<b>Climate-related Disclosures</b>	
<b>(I) Governance</b>	Impact of Climate Change
<b>(II) Strategy</b>	Impact of Climate Change
<b>(III) Risk Management</b>	Impact of Climate Change
<b>(IV) Indicators and Targets</b>	Impact of Climate Change



# CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance report of the Company for the year ended December 31, 2024.

## CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Group has adopted and applied corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Appendix C1 to the Listing Rules as the Company's own code of corporate governance practices.

According to Rule 3.27A of the Listing Rules and the requirements stipulated in the terms of reference of the Nomination Committee, the Nomination Committee shall consist of at least three members and that the chairman of the Nomination Committee must be the chairman of the Board or an independent non-executive Director. Upon the resignation of Mr. SHA Nali with effect from December 31, 2024, the chairman of the Nomination Committee stayed vacant temporarily and there were only two members in the Nomination Committee. On January 14, 2025, Mr. BAI Xianyue, an independent non-executive Director was appointed as the chairman of the Nomination Committee, the Company has re-complied with Rule 3.27A of the Listing Rules and the requirements as stipulated in the terms of reference of the Nomination Committee.

Code provision C.5.1 of the CG Code provides that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. During the period from the Listing Date to December 31, 2024, the Board has not held any meetings due to the short period of time since the Listing Date.

Code provision C.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company does not have insurance cover in this respect because the Board believes that the Director's or Supervisor's risk of being sued or getting involved in litigation in their capacity as Directors or Supervisors is relatively low. The Board will review the need for taking out this sort of insurance from time to time.

Save as disclosed above, the Board is of the view that since the Listing Date to December 31, 2024, the Company has complied with all the applicable code provisions as set out in Part 2 of the CG Code, and satisfied substantially all of the recommended best practices requirements as set out in Part 2 of the CG Code. The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

## DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors who, because of their office or employment, are likely to possess inside information in relation to the Company or the Company's securities.

The Company has maintained a system in monitoring the dealings of the Company's securities by Directors and Supervisors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company will notify all Directors and Supervisors the blackout period before the commencement of such blackout period, reminding the Directors and Supervisors not to deal in the Company's securities during the blackout periods before the announcement of results. The Board is of the view that the guidelines and procedures for the Directors' and the Supervisors' dealings of securities in the Company are adequate and effective.

Having made specific enquiries to all the Directors and Supervisors, they confirm that they have complied with the required standards as set out in the Model Code since the Listing Date and up to December 31, 2024.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## BOARD OF DIRECTORS

The Company is headed by the Board which oversees the Company's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them that are commensurate with his/her role and the responsibilities of the Board.

The terms of reference of the committees under the Board specify that the Directors may invite experts, scholars, intermediary agencies and relevant personnel to attend the meetings to explain and describe the issues to be discussed at the meetings if necessary. Such invitations are at the Company's expense to ensure that the Directors are given independent views and opinions. The Board has reviewed these mechanisms to ensure their effective implementation.

The executive Directors of the Company earnestly perform the dual responsibilities of decision-making and implementation, actively implement the decisions of the general meeting and the Board, and effectively play the role of a bond between the Board and the management. The independent non-executive Directors of the Company carefully study the development strategy and business strategy of the Company, and provides independent opinion and judgement to the Board.

During the Reporting Period, the independent non-executive Directors of the Company contributed significantly in improving the Company's corporate governance structure and protecting the interests of the Company's minority Shareholders.

### Board Composition

As of the date of the report, the Board comprised seven Directors, consisting of four executive Directors and three independent non-executive Directors as follows:

#### Executive Directors

Mr. WANG Zhongshan (*Chairman*)

Ms. ZHANG Xiuqin

Ms. JIANG Liying

Mr. WANG Zegang

#### Independent Non-executive Directors

Mr. WANG Gongyong

Mr. HUANG Fangliang

Mr. BAI Xianyue

The biographical information of the Directors, including the relationships among the members of the Board and the relationship between the chairman and general manager of the Company, is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

Except for the relationships between the Directors set forth in the respective Director's biography under the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report, the Directors do not have financial, business, family or other material/relevant relationships with one another.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman of the Board and general manager should be separate and should not be performed by the same individual.

From the Listing Date and up to December 31, 2024, the chairman of the Board and general manager of the Company are held by Mr. WANG Zhongshan and Mr. WANG Guoxin respectively, thus we have complied with Code provision C.2.1 of the CG Code. The division of responsibilities between the chairman of the Board and the general manager has been clearly established.

## Independent Non-executive Directors

From the Listing Date and up to December 31, 2024, the Board at all times fulfilled the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## Appointment and Re-election of Directors

Directors (including executive Directors and independent non-executive Directors) shall be elected at the general meeting for a term of three years. The Board is eligible for re-election upon expiry of the term of office.

## Corporate Culture

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Group to deliver long-term sustainable performance.

The Company has established a corporate culture development team led by the chairman of the Company, which has comprehensively reviewed and improved the corporate culture system. It has identified the corporate spirit of “pursuing excellence and contributing to society”, the corporate mission of “talent as the foundation, stability as the base, innovation as the driving force, and development as the goal”, the corporate mission of “driving the development of the gold jewellery industry with technological innovation to make you and me more beautiful” and the development vision of “becoming a world-class gold jewellery industry leader”.

Each functional department, while embracing the Company’s core culture, has built its own distinctive team culture concepts, fostering unity and synergy among employees. The Company widely disseminates its culture through training, employee forums, corporate culture manuals, employee handbooks, internal websites, and training sessions, and it gathers insights into employees’ understanding and acceptance of the corporate culture through satisfaction surveys.

Furthermore, the Company conveys its culture to customers and stakeholders through customer visits, newsletters, and inviting key clients and suppliers to visit and exchange ideas. The Company has also established a corporate culture evaluation index system, conducts regular evaluations, and uses the results as a basis for further strengthening and improving the construction of corporate culture.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, or indirectly through its committees, leads and provides direction to senior management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The management is responsible for implementing the decisions of the Board, guiding and coordinating the daily operation and management of the Company.

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored training upon his/her appointment to ensure good understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should also participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The Company provides talks, seminars and online training for Directors and reading material on relevant topics. All Directors are encouraged to attend relevant training courses at the Company's expenses.

For the year ended December 31, 2024, all Directors attended training sessions on obligations of the directors. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

The record of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2024 is summarized as follows:

Directors	Types of Training <sup>Note</sup>
<b>Executive Directors</b>	
Mr. WANG Zhongshan	A, B
Ms. ZHANG Xiuqin	A, B
Ms. JIANG Liying	A, B
Mr. WANG Zegang	A, B
<b>Independent Non-Executive Directors</b>	
Mr. WANG Gongyong	A, B
Mr. SHA Nali ( <i>resigned with effect from December 31, 2024</i> )	A, B
Mr. HUANG Fangliang	A, B
Mr. BAI Xianyue	A, B

Note:

## Types of Training

A: Attending training sessions, including but not limited to, talks, seminars and online training

B: Reading relevant training materials, news alerts, newspapers, journals, magazines and relevant publications

## Board Diversity Policy

The Board has adopted a board diversity policy ("**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance its effectiveness. Pursuant to the Board Diversity Policy, diversity in the Board is achieved through the consideration of a number of factors when selecting candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. They obtained degrees in various disciplines and with experience from different industries and sectors.

As of the date of this report, the Board of the Company consists of 7 Directors, including three independent non-executive Directors. The ages of the Directors range from 45 years old to 75 years old, and we have both male and female representatives on the Board. The Nomination Committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. The Board will take opportunities to increase the proportion of female members when selecting and making recommendations on suitable candidates for Board appointments. The Group will also ensure that there is a gender diversity when recruiting staff at the mid to senior levels so that there are female senior management and potential successors to Directors going forward.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

An analysis of the Board's current composition based on the measurable objectives is set out below:

**Gender:**

- Male: 5 Directors
- Female: 2 Directors

**Age Group:**

- 31–40: 0 Director
- 41–50: 1 Director
- 51–60: 4 Directors
- 61 or above: 2 Directors

**Designation:**

- Executive Directors: 4 Directors
- Independent Non-executive Directors: 3 Directors

**Educational Background:**

- Business Administration: 3 Directors
- Accounting and Finance: 2 Directors
- Legal: 1 Director
- Manufacturing: 1 Director

**Nationality**

- Chinese: 7 Directors

**Business Experience:**

- Gold jewellery production: 3 Directors
- Accounting and Finance: 3 Directors
- Legal: 1 Director

The Nomination Committee is of the view that the current Board fully demonstrates diversity in terms of skills, experience, knowledge, independence, gender, age, etc., and the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

We respect the gender, age and ethnicity of each person. As of December 31, 2024, approximately 46.0% of our full-time employees (including senior management) were female. We will continue to focus on embracing diversity within the Company and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. To this end, we have adopted policies on compensation, dismissal, equal opportunities, diversity and antidiscrimination. Accordingly, the Company gives each job applicant an equal job opportunity and we have an internal policy in place to ensure that there is no discrimination as to gender, age and ethnicity. In addition, we have stipulated in the internal guidelines that decision in relation to human resource management, which include but not limited to promotion, salary increment and dismissal within the Company would be based solely on the employee's performance, experience and capability. While we strive to provide equal career opportunity for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace for all of our employees.

## Nomination Policy

The Company has adopted a nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors and Supervisors. Any Shareholders individually or jointly holding more than 3% of the shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting the nomination of candidates for Directors and Supervisors, and the nominators shall provide the biographical details and basic information of the candidates for Directors or Supervisors (such as educational background, work experience, relationship with the Company and its Controlling Shareholders and de facto controllers, shareholding of the Company, and whether they have been disciplined by relevant government departments). In accordance with the relevant laws, administrative regulations, regulatory documents of China, the listing rules of the stock exchange where the Company's securities are listed and the relevant regulatory rules and the Articles of Association, the personal information of the nominated candidates for Directors shall be disclosed in due course for the Shareholders' consideration and voting at the general meeting.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## BOARD COMMITTEES

The Board has established four committees, namely, the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee, which are responsible for specific affairs of the Company respectively, and providing consultation or recommendations in relation to decision-making of the Board.

All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board Committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders.

### Strategy Committee

The Strategy Committee consists of four executive Directors, namely Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Ms. Jiang Liying and Mr. Wang Zegang. Mr. Wang Zhongshan is the chairman of the Strategy Committee.

The terms of reference of the Strategy Committee are in compliance with the relevant laws and regulations of the PRC. The main duties of the Strategy Committee is set out as follows:

- to study and make recommendations on the five-year strategic development plan and annual business plan of the Company;
- to study and make recommendations on the annual investment plan which is subject to the approval of the Board;
- to study and make recommendations on material investment proposals, financing proposals, equity transfers, asset restructuring, asset disposal and capital operation which are subject to the approval of the Board;
- to study and make recommendations on the annual post-investment evaluation report, etc.; and
- to study, formulate, revise and review the first-level management systems of the Company's strategic management and investment management, and to make recommendations to the Board.

No meeting of the Strategy Committee was held during the period from the Listing Date to December 31, 2024. Up to the date of this annual report, a meeting of the Strategy Committee was held to review the strategic development plan and business plan of the Company.

### Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wang Gongyong, Mr. Huang Fangliang and Mr. Bai Xian Yue. Mr. Wang Gongyong is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Audit Committee include but are not limited to:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any matters in relation to its resignation or dismissal;



## CORPORATE GOVERNANCE REPORT (CONTINUED)

- to review the financial statements and material advice in respect of financial reporting, and to monitor the completeness of financial statements, annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained therein; and
- to oversee financial reporting system, risk management and internal control procedures of the Company and to discuss the risk management and internal control system with the management and to ensure that the management has performed its duty to establish an effective internal control system.

No meeting of the Audit Committee was held during the period from the Listing Date to December 31, 2024. Up to the date of this annual report, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended December 31, 2024 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and the internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of work.

### Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of one executive Director and two independent non-executive Directors, namely Ms. Jiang Liying, Mr. Wang Gongyong and Mr. Huang Fangliang. Mr. Huang Fangliang is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Remuneration and Appraisal Committee include but are not limited to:

- to make recommendations to the Board on the Company's policy and structure for remuneration of all directors and senior management and on the formulation of a set of formal and transparent procedures for developing remuneration policy;
- to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board;
- to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to determine the remuneration packages of directors and senior management members of the Group, taking into account the salaries paid by comparable companies to similar positions, the time commitment required, responsibilities and employment conditions of other employees of the Group;
- to review and approve compensation payable to executive Directors and senior management of the Group for any loss or termination of office or appointment to ensure that they are consistent with contractual terms or are otherwise fair and reasonable;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or are otherwise fair and reasonable;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or are otherwise fair and reasonable;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

No meeting of the Remuneration and Appraisal Committee was held from the Listing Date to December 31, 2024. Up to the date of this annual report, a meeting of the Remuneration and Appraisal Committee was held to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors, Supervisors and senior management and other related matters.

Details of the remuneration of the senior management by band for the year ended December 31, 2024 are set out below:

Remuneration band (RMB)	Number of person(s)
Nil to 1,000,000	4

### Nomination Committee

The Nomination Committee consists of one executive Director, namely Mr. Wang Zegang, and two independent non-executive Directors, namely, Mr. Huang Fangliang and Mr. Bai Xian Yue. Mr. Bai Xian Yue is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Nomination Committee include but are not limited to:

- to ensure that the Board and its committees consist of directors with the appropriate balance of skills, experience, diversity and knowledge of the Company to enable the Board to discharge its duties effectively;
- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; when reviewing the structure, size and composition of the Board, the Nomination Committee shall take into consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience in accordance with the Board Diversity Policy adopted by the Company from time to time to achieve Board diversity;
- to develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates as directors for Board approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors and senior management, in particular the chairman and the general manager, taking into account all factors which the Nomination Committee considers appropriate including the challenges and opportunities the Company is facing and the skills and expertise required in the future, and to ensure that senior management's succession planning is discussed at the Board at least once every year;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- to continuously evaluate the leadership needs and the training and development programmes of the Company, with a view to ensuring the continuous effective and efficient functioning of the Company and maintain competitiveness in the market;
- to evaluate the needs for, and monitor the training and development of directors;
- to review and assess the skills, knowledge and experience required to serve on various Board committees, and make recommendations on the appointment of members of Board committees and the chairman of each committee;
- to review the feedback in respect of the role and effectiveness of the Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes if needed;
- to draw up, review and update, as appropriate, the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review and update the progress on achieving the objectives; and to make disclosures of its progress and its review results in the annual report of the Company annually;
- to assess the independence of independent non-executive Directors; and
- where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee shall expand and discuss on measurable objectives for achieving diversity on the Board every year, monitor the progress of achieving such measurable objectives, and recommend them to the Board for adoption to ensure the continuous effectiveness of the diversity policy and the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

No meeting of the Nomination Committee as held from the Listing Date to December 31, 2024. Up to the date of this annual report, a meeting of the Nomination Committee was held to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting.

### ATTENDANCE RECORD OF DIRECTORS

Code provision C.5.1 of the CG Code provides that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. During the period from the Listing Date to December 31, 2024, the Board has not held any meetings due to the short period of time since the Listing Date. After listing on the Hong Kong Stock Exchange, the Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals to discuss overall strategy as well as operations and financial performance of the Group. Up to the date of this annual report, Board meetings were held on January 14, 2025 and March 28, 2025, respectively.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the period from the Listing Date to December 31, 2024, no general meeting was held by the Company. Up to the date of this annual report, An extraordinary general meeting was held by the Company on February 10, 2025 to consider and approve the adoption of the share award scheme and amendments to the Articles of Association.

The attendance records of each Director at the Board, Board committees and general meeting during the period from the Listing Date to the date of annual report are as follows:

Name of Director	Attendance/Number of Meetings					Extraordinary General Meeting
	Board	Strategy Committee	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	
Executive Directors						
Mr. WANG Zhongshan	2/2	1/1	—	—	—	1/1
Ms. ZHANG Xiuqin	2/2	1/1	—	—	—	1/1
Ms. JIANG Liying	2/2	1/1	—	1/1	—	1/1
Mr. WANG Zegang	2/2	1/1	—	—	1/1	1/1
Independent non-executive Directors						
Mr. WANG Gongyong	2/2	—	2/2	1/1	—	1/1
Mr. SHA Nali (resigned with effect from December 31, 2024)	0/2	0/1	—	—	0/1	0/1
Mr. HUANG Fangliang	2/2	—	2/2	1/1	1/1	1/1
Mr. BAI Xianyue	2/2	—	2/2	—	1/1	1/1

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee and the internal control consultant assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

In order to ensure the effective implementation of such internal control policies, we have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, including the following:

- we have engaged an internal control consultant in January 2023 to assist the Board in implementing and monitoring of the risk management and internal control systems;
- we have appointed a compliance adviser upon listing to advise us on on-going compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- for the purpose of enhancing compliance awareness and knowledge, we have arranged compliance training to our management. The trainings provide information with respect to our internal control policies in relation to compliance with relevant laws and regulations. In addition, training has also been provided to our Directors and senior management in relation to compliance with Listing Rules. Also, we expect to provide continuous and regular training when necessary;
- we have engaged external professional advisers as necessary to work with the Group to conduct regular review to assist in full compliance with relevant rules and regulations; and
- we have reviewed the function of internal audit of the Group.

On March 28, 2025, the management reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2024. The Directors are of the view that the risk management and internal control systems are adequate and effective. At the Board meeting held on March 28, 2025, the Board, as supported by the Audit Committee as well as the management report, reviewed the effectiveness of the Company's and its subsidiaries' risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, ESG performance and reporting, and staff qualifications, experience and relevant resources. The Board expects that a review of the risk management and internal control systems will be performed annually.

### Whistleblowing Policy

The Company has in place a whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

### Anti-Corruption Policy

The Company has also in place a anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports according to the procedures as set out in the Whistleblowing Policy.

### Disclosure of Inside Information Policy

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, Supervisors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements with the support of accounting and financial team.

The Directors have prepared the financial statements in accordance with HKFRS. Appropriate accounting policy has been used and consistently applied, except for the amendments, revision and interpretation of the standards.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern/adoption of the going concern approach in preparing the financial statements. The Directors believe that the financial statements give a true and fair view of the financial position, results and cash flows of the Group for the year ended December 31, 2024, and other financial information disclosure and report complies with the requirements of relevant laws.

A statement by our external auditors about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report of this annual report.

### AUDITORS' REMUNERATION

The following table sets forth the types of services provided by and the fees for the independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu, for the year ended December 31, 2024:

Services rendered	Fees paid/payable
	RMB'000
Audit services	2,800
Non-audit services <sup>(1)</sup>	150
Total <sup>(2)</sup>	2,950

#### Notes:

- (1) The non-audit service fees include the fees rendered for advising on the environmental, social and governance related matters of the Group for the year ended December 31, 2024.
- (2) The professional fees paid/payable to the reporting accountants of the Company, Messrs. Deloitte Touche Tohmatsu, in connection with the initial public offering of the year ended December 31, 2024, amounted to RMB4,878,000.

### JOINT COMPANY SECRETARIES

Mr. WANG Zegang and Ms. YU Wing Sze acted as joint company secretaries of the Company. As Mr. WANG Zegang did not possess the qualifications as required under Rule 3.28 and Rule 8.17 of the Listing Rules at the time of listing of the Company, the Company has applied to the Hong Kong Stock Exchange before the listing and was granted the waiver from strict compliance with such rules. As confirmed by the Hong Kong Stock Exchange, upon expiration of the waiver period, Mr. WANG is qualified to act as the company secretary of the Company under Rule 3.28 and Rule 8.17 of the Listing Rules.

Ms. YU Wing Sze, the manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong, was appointed as one of the joint company secretaries of the Company in September 2023. The key contact person between Ms. YU Wing Sze and the Company is Mr. WANG Zegang. During the Reporting Period, Ms. YU Wing Sze and Mr. WANG Zegang have both complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

### Convening Shareholders' General Meetings

An annual general meeting is required to be held once every year within six months following the end of the previous financial year. An extraordinary general meeting is required to be held within two months subsequent to the occurrence of any of the following:

- the number of directors falls short of the quorum stipulated in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- the outstanding losses of the Company amount to one-third of the Company's total paid-in share capital;
- upon a written request by shareholder(s) that individually or collectively holding 10% or more of the Company's shares (actual numbers of shares shall be calculated as per the shareholdings of the requesting shareholders on the date when such a written request is made);
- the Board deems necessary;
- the Board of Supervisors proposes to convene such meeting;
- when over one-half of all the independent non-executive directors of the Company agree to hold the meeting; and
- other circumstances stipulated by laws, administrative regulations and the Articles of Association occur.

A general meeting shall be convened by the Board, and chaired by the chairman. In the event that the chairman is unable to perform his/her duties, the meeting shall be chaired by the deputy chairman. In the event that the deputy chairman is unable to perform his/her duties, a Director jointly nominated by half or more of the Directors shall chair the meeting.

A general meeting convened by the Board of Supervisors shall be chaired by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor jointly recommended by more than one half of the supervisors shall chair the meeting.

A general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the Shareholder is unable to elect a representative as a presider to preside over the meeting, the Shareholder holding the most voting shares among the Shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the presider to preside over the meeting.

### Putting Forward Proposals at General Meetings

Shareholders individually or jointly holding 1% or more of shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to the general meeting. The provisional proposals should have clear topics and specific resolutions. The convener shall issue a supplementary notice of the general meeting within two days of receiving the proposals to disclose particulars of the provisional proposals, unless the proposal violates the provisions of the laws, administrative regulations or the Articles of Association or does not fall within the scope of the functions and powers of the Shareholders' general meeting.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

Except as provided in the Articles of Association, the convener shall not amend the proposals set out in the notice of the shareholders' general meeting or put up any new proposals after the issuance of the notice of the shareholders' general meeting.

Proposals not specified in the notice of the shareholders' general meeting or which do not comply with the provisions of the Articles of Association shall not be voted upon and resolved by the shareholders' general meeting.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company at mgy9999@mokingran.com or No.15 Ziyuan Road, Huayuan Industrial Zone, Binhai Hi-Tech District, Tianjin, PRC (For the attention of the Board/Company secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. For this purpose, the Company has set up a website ([www.mokingran.com](http://www.mokingran.com)), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Board conducted an annual review on March 28, 2025 on the implementation and effectiveness of the shareholders communication policy for the year ended December 31, 2024, including review of the work report on the Company's shareholder communication policy. Upon review, the Board was of the view that the Company's shareholders communication policy were effective and sufficient.

## CHANGES TO THE ARTICLES OF ASSOCIATION

From the Listing Date and up to December 31, 2024, the Company had not made any amendments to the Articles of Association. An extraordinary general meeting was held on February 10, 2025 by the Company to consider and approve the amendments to the Articles of Association. The amended Articles of Association have been effective from February 10, 2025. For details, please refer to the announcement of the Company dated January 14, 2025 and the circular of the Company dated January 16, 2025.

An up-to-date version of the Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### DIVIDEND POLICY

The Company does not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of the Board. Any declaration of final dividend by the Company shall also be subject to the approval of the Shareholders in a Shareholders' meeting. Directors may recommend a payment of dividends in the future after taking into account the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and other factors which they may deem relevant at such time.

# INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

**德勤**

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

**TO THE SHAREHOLDERS OF MOKINGRAN JEWELLERY GROUP CO., LTD.**

**(夢金園黃金珠寶集團股份有限公司)**

*(incorporated in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Mokingran Jewellery Group Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 120 to 186, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

### How our audit addressed the key audit matter

#### Existence of raw materials and finished goods

We identified existence of raw materials and finished goods as a key audit matter due to the significance of the Group's raw materials and finished goods in the context of the Group's consolidated financial statements as a whole and high intrinsic value and portable nature of individual inventory item.

As at December 31, 2024, the aggregate carrying amount of the Group's raw materials and finished goods amounted to RMB2,512,556,000 in total, constituting 51% of total assets. Given the significance of raw materials and finished goods balances to the financial statements, together with the nature of raw materials and finished goods which primarily consist of high intrinsic value, compact and portable gold and diamond inlaying jewellery that is inherently susceptible to misappropriation, we assessed a heightened inherent risk of material misstatement associated with the existence of raw materials and finished goods.

Details relating to the Group's raw materials and finished goods are set out in Note 21 to the consolidated financial statements.

Our procedures in relation to the existence of raw materials and finished goods included:

- Understanding and evaluating the design and implementation of the Group's key internal controls over the existence of raw materials and finished goods;
- Attending the Group's year end physical inventory counts across all manufacturing facilities, exhibition halls and self-operated stores to observe the procedures performed by the Group's personnels. We also performed full counts for raw materials and finished goods stored in manufacturing facilities and exhibition halls, and test counts for selected samples of raw materials and finished goods stored in self-operated stores;
- Reconciling management's inventory count reports with the raw materials and finished goods records in the financial system; and
- Selecting finished good items at the year end randomly for authenticity check by independent testing organisation.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LUNG, Kwok Hung.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

March 28, 2025



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended December 31, 2024

		For the year ended December 31,	
	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	19,712,885	20,208,599
Cost of sales		(18,382,024)	(19,131,139)
Gross profit		1,330,861	1,077,460
Other income	6	34,584	27,773
Distribution and selling expenses		(229,227)	(257,328)
Research and development expenses		(22,366)	(17,470)
Administrative expenses		(103,360)	(79,770)
Other expenses and other gains and losses, net	7	(649,389)	(378,513)
Finance costs	8	(71,457)	(63,134)
Impairment losses under expected credit loss model, net	9	(5,284)	(1,076)
Listing expenses		(14,593)	(2,829)
<b>Profit before tax</b>		<b>269,769</b>	<b>305,113</b>
Income tax expense	10	(69,032)	(71,641)
<b>Profit and total comprehensive income for the year</b>	11	<b>200,737</b>	<b>233,472</b>
Profit and total comprehensive income for the year attributable to			
Owners of the Company		189,361	230,375
Non-controlling interests		11,376	3,097
		<b>200,737</b>	<b>233,472</b>
Earnings per share			
Basic and diluted (RMB)	14	0.81	1.01

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

		As at December 31,	
		2024	2023
	Notes	RMB'000	RMB'000
<b>Non-current Assets</b>			
Property, plant and equipment	16	381,444	400,001
Right-of-use assets	17	50,112	52,837
Investment properties	18	61,298	80,695
Intangible assets	19	14,643	7,589
Deferred tax assets	20	41,866	34,069
Prepayments, deposits and other receivables	23	146,033	41,502
Other non-current assets		357	100
		<b>695,753</b>	<b>616,793</b>
<b>Current Assets</b>			
Inventories	21	2,544,284	2,169,633
Trade receivables	22	276,379	150,513
Prepayments, deposits and other receivables	23	395,452	399,406
Pledged/restricted deposits	24	466,621	528,795
Cash and cash equivalents	24	556,167	155,866
		<b>4,238,903</b>	<b>3,404,213</b>
<b>Current Liabilities</b>			
Trade and bills payables	25	394,083	511,787
Other payables and accruals	26	144,417	139,142
Lease liabilities	27	7,706	7,711
Borrowings	28	1,167,496	790,041
Contract liabilities	29	106,093	42,173
Tax liabilities		40,060	24,963
Gold loans	30	359,087	502,508
Deferred income		33	41
Refund liabilities	31	23,413	32,943
		<b>2,242,388</b>	<b>2,051,309</b>
Net Current Assets		<b>1,996,515</b>	<b>1,352,904</b>
<b>Total Assets less Current Liabilities</b>		<b>2,692,268</b>	<b>1,969,697</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31, 2024

		As at December 31,	
	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current Liabilities</b>			
Borrowings	28	181,422	—
Deferred tax liabilities	20	1,178	15
Lease liabilities	27	5,845	8,281
Refund liabilities	31	26,097	38,384
Deferred income		79	112
		214,621	46,792
<b>Net Assets</b>		2,477,647	1,922,905
<b>Capital and Reserves</b>			
Share capital	32	273,023	229,067
Reserves		2,184,699	1,685,289
Equity attributable to owners of the Company		2,457,722	1,914,356
Non-controlling interests		19,925	8,549
<b>Total Equity</b>		2,477,647	1,922,905

The consolidated financial statements on pages 120 to 186 were approved and authorised for issue by the board of directors on March 28, 2025 and are signed on its behalf by:

**Mr. Wang Zhongshan**  
DIRECTOR

**Mr. Wang Zegang**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2024

	Attributable to owners of the Company								
	Share capital	Share premium	Other reserve	Share-based payments reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	229,067	511,082	(18,287)	71,244	160,020	730,855	1,683,981	5,452	1,689,433
Profit and total comprehensive income for the year	—	—	—	—	—	230,375	230,375	3,097	233,472
Appropriation to statutory reserve	—	—	—	—	40,124	(40,124)	—	—	—
At December 31, 2023	229,067	511,082	(18,287)	71,244	200,144	921,106	1,914,356	8,549	1,922,905
Profit and total comprehensive income for the year	—	—	—	—	—	189,361	189,361	11,376	200,737
Issue of shares upon initial public offering ("IPO") (Note 32)	43,956	443,200	—	—	—	—	487,156	—	487,156
Share issue costs for IPO	—	(41,524)	—	—	—	—	(41,524)	—	(41,524)
Appropriation to statutory reserve	—	—	—	—	30,014	(30,014)	—	—	—
Dividend declared (Note 15)	—	—	—	—	—	(91,627)	(91,627)	—	(91,627)
	43,956	401,676	—	—	30,014	(121,641)	354,005	—	354,005
<b>At December 31, 2024</b>	<b>273,023</b>	<b>912,758</b>	<b>(18,287)</b>	<b>71,244</b>	<b>230,158</b>	<b>988,826</b>	<b>2,457,722</b>	<b>19,925</b>	<b>2,477,647</b>

Notes:

- (i) Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid when the Group acquired partial interests in existing subsidiaries.
- (ii) According to the relevant laws of the People's Republic of China (the "PRC"), the Company and its subsidiaries established in the PRC are required to transfer a portion of their profits after tax to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended December 31, 2024

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Profit before tax	269,769	305,113
Adjustments for:		
Interest income	(3,720)	(5,492)
Finance costs	71,457	63,134
Net unrealised (gain)/loss on gold loans	(37,734)	19,735
Fair value changes on financial assets at FVTPL	(5)	(80)
Depreciation of property, plant and equipment	45,162	37,507
Depreciation of right-of-use assets	9,882	9,611
Depreciation of investment properties	4,190	4,197
Amortisation of intangible assets	1,924	1,692
(Gain)/loss on disposal of property, plant and equipment, intangible assets and termination of leases	(203)	55
Net foreign exchange (gain)/loss	(1,334)	28
Net impairment losses under expected credit loss model	5,284	1,076
Impairment loss on investment properties	15,207	—
Release of government grants	(41)	(132)
Additional deduction for value-added tax ("VAT")	(2,662)	—
Operating cash flows before movements in working capital	377,176	436,444
Increase in inventories	(479,398)	(392,078)
Decrease/(increase) in pledged/restricted deposits	12,119	(65,868)
Increase in trade receivables	(130,868)	(21,937)
Increase in prepayments, deposits and other receivables	(34,689)	(91,653)
Decrease in refund liabilities	(21,817)	(18,049)
(Decrease)/increase in trade and bills payables	(102,807)	471,665
Increase in other payables and accruals	5,963	16,137
Increase in contract liabilities	63,920	3,129
Cash (used in)/generated from operations	(310,401)	337,790
Income taxes paid	(28,116)	(92,332)
Interest paid for gold loans and bills payable under supplier finance arrangements	(16,404)	(17,272)
Interest received	1,327	1,490
Net cash (used in)/from operating activities	(353,594)	229,676



# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the Year ended December 31, 2024

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
<b>Investing activities</b>		
Purchase of property, plant and equipment	(40,936)	(99,651)
Prepayment for property, plant and equipment	(114,100)	—
Proceeds from disposal of property, plant and equipment	13	301
Purchases of intangible assets	(9,956)	(1,492)
Payment for leasehold lands	(77)	—
Proceeds from disposal of financial products and structured deposits	6,005	30,080
Purchase of financial products and structured deposits	(6,000)	(30,000)
Withdrawal of pledged/restricted deposits	435,000	671,000
Interest received from pledged/restricted deposits	2,448	4,630
Placement of pledged/restricted deposits	(385,000)	(765,000)
Net cash used in investing activities	(112,603)	(190,132)
<b>Financing activities</b>		
Proceeds from borrowings	2,098,490	1,424,730
Repayment of borrowings	(1,540,805)	(1,465,800)
Interest paid	(52,409)	(44,378)
Proceeds from issue of shares	487,156	—
Payments for H-share issue costs	(27,709)	(15,397)
Dividends paid to shareholders	(91,627)	—
Repayments of lease liabilities	(8,043)	(8,086)
Net cash from/(used in) financing activities	865,053	(108,931)
Net increase/(decrease) in cash and cash equivalents	398,856	(69,387)
Cash and cash equivalents at beginning of the year	155,866	225,359
Effect of foreign exchange rate changes	1,445	(106)
Cash and cash equivalents at end of the year	556,167	155,866

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended December 31, 2024

## 1. GENERAL INFORMATION

Mokingran Jewellery Group Co., Ltd. (the “**Company**”) was established as a limited liability company in the PRC on September 8, 2000 and converted into a joint-stock company with limited liability under the Company Law of the PRC on June 29, 2018. The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the annual report.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from November 29, 2024.

The controlling shareholders of the Company are Mr. Wang Zhongshan, Ms. Zhang Xiuqin and their son, namely Mr. Wang Guoxin and their daughter, namely Ms. Wang Na, through their direct or indirect interests held in the Company.

The Company and the subsidiaries (collectively referred to as the “**Group**”) are primarily engaged in the design, production, wholesale and retail of jewellery in the PRC.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Impacts on application of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### Impacts on application of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements* (Continued)

In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in notes 4, 25 and 37.

### New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRSs Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2026

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2027

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of the above amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

### 3.2. Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year ended December 31, 2024 are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Revenue from contracts with customers (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

#### Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

#### Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- (b) a refund liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

#### Non-cash consideration

The Group receives used gold products from franchisees, provincial-dealers and end customers to be used in manufacturing new gold products. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the used gold products.

The Group estimates the fair value of the non-cash consideration by reference to the real-time trading price of the Shanghai Gold Exchange on the relevant trading day.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

#### Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases of certain properties, electronic equipment and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Leases (Continued)

##### *The Group as a lessee (Continued)*

###### *Refundable rental deposits*

Refundable rental deposits paid are accounted for under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

###### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

##### *The Group as a lessor*

###### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

###### *Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Sale and leaseback transactions*

###### *The Group as a seller-lessee*

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

#### Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

#### Employee benefits

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Employee benefits (Continued)

##### *Retirement benefits costs*

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group's contributions to the defined contribution plan are expensed as incurred and not reduced by being forfeited by those employees who leave the plan prior to vesting fully in the contributions.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related asset is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Property, plant and equipment (Continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost of the relevant property and the related accumulated depreciation and impairment loss (if any) (including the relevant leasehold land classified as right-of-use assets) are transferred to investment property at the date of transfer.

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

#### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure incurred on development projects are capitalised as intangible assets if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditure that does not meet those criteria is expensed as incurred. There were no development expenses meeting these criteria and capitalised as intangible assets as of December 31, 2024.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### **Impairment on property, plant and equipment, investment properties, right-of-use assets and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, investment properties, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less the estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **Financial assets**

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income or designated as at fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, other receivables, pledged/restricted deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually for those relating to customers with significant doubt on collection of receivables and collectively using a provision matrix with appropriate groupings with shared credit characteristics for the others.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

##### (v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration debtors' aging and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### *Financial liabilities and equity*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2. Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial liabilities and equity (Continued)*

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at amortised cost*

Financial liabilities including borrowings, trade and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

#### **Au (T+D) contracts**

The Group has a practice of settling Au (T+D) contracts net in cash or another financial instrument, and hence accounted for as derivatives. Au (T+D) contracts are initially recognised at fair value at the date when Au (T+D) contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

#### **Gold loans**

Gold loans representing the obligation to deliver gold are classified as liabilities at FVTPL at initial recognition. The net gain or loss recognised in profit or loss excludes any interest paid on gold loans.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Revenue recognition for sales settled in used gold products

The Group receives used gold products from franchisees, provincial-dealers and end customers to be used in manufacturing new gold products. There is no obligation or commitment for the Group to accept the used gold products. Except for the form of consideration, there's no difference between this arrangement and an arrangement in which customers make a cash payment. The directors of the Company apply judgement to assess whether the Group has obtained control of customer-provided materials or not. Based on due and careful analysis of all relevant facts and circumstances, it is concluded that the Group has obtained control of the used gold products. As a result, the fair value of the non-cash consideration is included in the transaction price. The Group estimates the fair value of the non-cash consideration by reference to the real-time trading price of the Shanghai Gold Exchange on the relevant trading day.

#### Supplier finance arrangement

As disclosed in note 25, the Group entered into certain supplier finance arrangements during the year. The supplier discounts the bills payable issued by the Group to banks and receives the consideration for selling gold to the Group, and the Group pays on the due date of bills which is a date later than the supplier is paid. The arrangements provide the Group with extended payment terms, when compared to the related invoice due date. In determining whether the bills payable under the arrangements are presented separately from trade and bills payables, the directors of the Group consider whether the nature and function of these liabilities are sufficiently different from trade and bills payables. The bills payable under supplier finance arrangements are presented within trade and bills payable as the directors of the Group consider these liabilities are part of the working capital used in the Group's normal operating cycle.

For the purpose of presenting cash flows statement, cash flows related to the liabilities arising from supplier finance arrangements that are classified as trade and bills payables are still part of the working capital used in the entity's principal revenue generating activities. Therefore, the cash outflows to settle the bills payable under supplier finance arrangements are presented as arising from operating activities.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Provision of ECL for trade receivables

Trade receivables relating to customers with significant doubt on collection of receivables are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 37.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### Net realisable value of inventories

The Group's inventories are measured at the lower of cost and net realisable value. The net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and costs necessary to make the sale. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature. Changes in these estimates will affect the carrying value of inventories and profit in subsequent years. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is detailed in Note 21.

#### Sales return

The Group makes a reasonable estimate of the return rate of diamond inlaying jewellery sold. The Group has developed a statistical model for forecasting sales returns. The model used the historical return data to come up with expected return percentages. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns biannually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. The amount recognised as refund liabilities is disclosed in Note 31.

#### Deferred tax assets

The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

## 5. REVENUE AND SEGMENT INFORMATION

The Group is primarily engaged in the design, production, wholesale and retail of jewellery in the PRC.

The executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The Group's non-current assets are all located in Mainland China of the PRC and the Group's revenue are predominantly derived from Mainland China of the PRC. During the year ended December 31, 2024, there was no revenue derived from transactions with a single external customer or a group of entities known to be under common control with that customer amounted to 10% or more of the Group's revenue.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's revenue is generated from the sales of gold jewellery and other gold products, K gold jewellery, diamond inlaying jewellery and other products and provision of other services. Disaggregation of revenue from contracts with customers is as follows:

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
<b>Type of goods or services</b>		
Sale of goods:		
— Gold jewellery and other gold products	19,280,247	19,877,366
— K gold jewellery, diamond inlaying jewellery and other products	342,650	225,513
Other services	89,988	105,720
Total	19,712,885	20,208,599
<b>Geographical markets</b>		
Mainland China	19,572,563	20,191,104
Others	140,322	17,495
Total	19,712,885	20,208,599
<b>Timing of revenue recognition</b>		
A point in time	19,657,361	20,149,774
Over time	55,524	58,825
Total	19,712,885	20,208,599

For the sales of gold jewellery and other gold products, K gold jewellery, diamond inlaying jewellery and other products, revenue is recognised when customers obtain control of the goods, being when the goods have been accepted by customers or delivered to the carrier designated by the customers. The payment is usually due immediately for retail customers or in 3 to 90 days' credit period for the franchisees and provincial-dealers.

Under the Group's standard contract terms, except for closures of stores, customers (franchisees and provincial-dealers) have no right to return any goods after its acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within 5 years. The Group uses its historical data to estimate the percentage of exchange on a portfolio basis using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal of the cumulative revenue recognised will not occur. For goods that are expected to be returned, a refund liability instead of revenue is recognised. The Group's right to recover the product when customers exercise their rights is recognised as a right to returned goods and a corresponding adjustment to cost of sales.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

Other services include royalty and service, brand usage, customised processing service and testing service. Royalty and service income and brand usage income in respect of the use of the Group's trademarks are recognised over time in accordance with the relevant agreements. Customised processing service income and testing service income are recognised when the services are rendered.

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

## 6. OTHER INCOME

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Interest income from bank and other deposits	3,720	5,492
Other income from franchisees and provincial-dealers	3,298	3,563
Rental income	3,140	3,222
Government grants (note)	21,654	15,230
Additional deduction for VAT	2,662	—
Others	110	266
	<b>34,584</b>	<b>27,773</b>

Note: For the year ended December 31, 2024, income of approximately RMB21,613,000 (2023: RMB15,098,000) represented the subsidies from the relevant government authorities for the purpose of motivating the business development of the Group. The subsidies received are in substance a kind of immediate financial support to the Group with no future related costs and are recognised as income when the subsidies are received. There were no unfulfilled conditions for all the government grants in the period in which they were recognised. For the year ended December 31, 2024, income of approximately RMB41,000 (2023: RMB132,000) represented the grants from the relevant government authorities for funding the purchase of certain non-current assets. The government grants received are recognised in profit or loss over the useful lives of the relevant non-current assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 7. OTHER EXPENSES AND OTHER GAINS AND LOSSES, NET

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Expenses related to previous A-share listing attempt	—	(4,302)
Direct operating expenses incurred for investment properties	(4,022)	(4,197)
Charitable contribution	(1,287)	(1,146)
Other expenses	(5,309)	(9,645)
Impairment loss recognised in respect of investment properties	(15,207)	—
Gain/(loss) on disposal of property, plant and equipment and termination of leases, net	203	(55)
Net foreign exchange gain/(loss)	1,334	(134)
Net realised loss on Au (T+D) contracts (note)	(533,649)	(299,391)
Net realised loss on gold loans	(131,400)	(50,358)
Net realised loss on futures contract	(3,489)	—
Net unrealised gain/(loss) on gold loans	37,734	(19,735)
Fair value changes on financial assets at FVTPL	5	80
Others	389	725
Other gains and losses, net	(644,080)	(368,868)
Other expenses and other gains and losses, net	(649,389)	(378,513)

Note: The Group uses Au (T+D) contracts which are purchased on Shanghai Gold Exchange as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with gold products. The Au (T+D) contracts are settled on a daily basis.

The Group does not formally designate or document the hedging transactions with respect to the Au (T+D) contracts. Therefore, those transactions are not designated for hedge accounting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 8. FINANCE COSTS

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Interest on borrowings	52,585	33,703
Interest on gold loans	14,110	17,272
Interest on discounted bills payables	3,746	11,224
Interest on lease liabilities	1,016	935
	71,457	63,134

## 9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Impairment losses, net recognised on:		
— Trade receivables	(4,111)	(675)
— Other receivables	(1,173)	(401)
Total	(5,284)	(1,076)

## 10. INCOME TAX EXPENSE

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	74,943	80,913
Under provision of EIT in prior years	723	—
Deferred tax	(6,634)	(9,272)
	69,032	71,641

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 10. INCOME TAX EXPENSE (Continued)

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the years ended December 31, 2024 and 2023.

Certain subsidiaries are qualified as small low-profit enterprises by the relevant tax authorities. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the years ended December 31, 2024 and 2023.

Shandong Yifu Gold Jewellery Limited (“**Shandong Yifu**”), is entitled to a preferential income tax rate of 15% for the year ended December 31, 2024, as Shandong Yifu was qualified as a High-New Technology Enterprise (the “**HNTE**”) and the HNTE qualification was approved and valid for 3 years from November 29, 2023 to November 28, 2026.

No provision for taxation in Hong Kong has been made as the Group’s subsidiary in Hong Kong is operating at a loss.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	<b>For the year ended December 31,</b>	
	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
Profit before tax	<b>269,769</b>	305,113
Tax at PRC statutory income tax rate of 25%	<b>67,442</b>	76,278
Effect of different tax rates of subsidiaries	<b>(4,811)</b>	(2,751)
Tax effect of expenses not deductible for tax purposes	<b>1,893</b>	2,638
Utilisation of tax losses previously not recognised	<b>(2,151)</b>	(1,520)
Utilisation of deductible temporary differences previously not recognised	<b>(295)</b>	(2,110)
Tax effect of tax losses not recognised	<b>6,565</b>	3,413
Tax effect of deductible temporary differences not recognised	<b>4,833</b>	—
Under provision in respect of prior years	<b>723</b>	—
Additional deductible items under the EIT Law (note)	<b>(5,167)</b>	(4,307)
Income tax expense for the year	<b>69,032</b>	71,641

Note: Additional deductible items under the EIT Law include super deduction for research and development expenses and super deduction for salary of disabled individuals.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 11. PROFIT FOR THE YEAR

The Group's profit for the year has been arrived at after charging/(crediting):

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment	45,162	37,507
Depreciation of investment properties	4,190	4,197
Depreciation of right-of-use assets	9,882	9,611
Amortisation of intangible assets	1,924	1,692
Total depreciation and amortisation	61,158	53,007
Less: capitalised in inventories	(21,772)	(19,643)
	39,386	33,364
Auditor's remuneration	2,851	63
Short-term lease expense	2,642	3,184
Gross rental income from investment properties	(3,140)	(3,222)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	2,261	2,234
direct operating expenses incurred for investment properties that did not generate rental income during the year	1,761	1,963
	882	975
Directors' and supervisors' remuneration (Note 12)	7,124	4,094
Other staff costs:		
Salaries, other allowances and performance-based bonuses	226,170	231,960
Retirement benefits scheme contributions	19,344	17,736
Total staff costs	245,514	249,696
Less: capitalised in inventories	(85,394)	(86,337)
	160,120	163,359
Cost of inventories recognised as an expense	18,381,760	19,130,638
Including: reversal of write-down of inventories	(80)	(583)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 12. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

The emoluments paid or payable to the directors, chief executive and supervisors of the Company for the year , disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	For the year ended December 31, 2024				
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- based bonuses RMB'000 (note i)	Retirement benefits scheme RMB'000	Total RMB'000
Executive directors:					
Mr. Wang Zhongshan	—	439	306	7	752
Ms. Zhang Xiuqin	—	384	354	—	738
Mr. Wang Zegang	—	440	174	46	660
Ms. Jiang Liying	—	365	3,259	—	3,624
Sub-total	—	1,628	4,093	53	5,774
Independent non-executive directors:					
Mr. Wang Gongyong	70	—	—	—	70
Mr. Sha Nali (note vi)	64	—	—	—	64
Mr. Huang Fangliang	70	—	—	—	70
Mr. Wong Lit Chor, Alexis (note iii)	41	—	—	—	41
Mr. Bai Xianyue (note v)	29	—	—	—	29
Sub-total	274	—	—	—	274
Chief executive:					
Mr. Wang Guoxin	—	230	—	38	268
Supervisors:					
Mr. Zhang Xin	—	144	—	24	168
Mr. Li Hu	—	257	43	24	324
Mr. Wang Yanpeng	—	253	39	24	316
Sub-total	—	654	82	72	808
Total	274	2,512	4,175	163	7,124

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 12. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS (Continued)

For the year ended December 31, 2023					
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- based bonuses RMB'000 (note i)	Retirement benefits scheme RMB'000	Total RMB'000
Executive directors:					
Mr. Wang Zhongshan	—	489	338	43	870
Ms. Zhang Xiuqin (Chief executive) (note ii)	—	381	374	—	755
Mr. Wang Zegang	—	448	252	45	745
Ms. Jiang Liying	—	393	307	—	700
Sub-total	—	1,711	1,271	88	3,070
Independent non-executive directors:					
Mr. Wang Gongyong	70	—	—	—	70
Mr. Sha Nali	70	—	—	—	70
Mr. Huang Fangliang	70	—	—	—	70
Mr. Wong Lit Chor, Alexis (note iii)	23	—	—	—	23
Sub-total	233	—	—	—	233
Chief executive:					
Mr. Wang Guoxin (note iv)	—	44	—	7	51
Supervisors:					
Mr. Zhang Xin	—	155	3	24	182
Mr. Li Hu	—	175	60	25	260
Mr. Wang Yanpeng	—	162	126	10	298
Sub-total	—	492	189	59	740
Total	233	2,247	1,460	154	4,094

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 12. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS (Continued)

Notes:

- i. Performance-based bonuses are determined based on the Group's performance and performance of the relevant individuals within the Group.
- ii. Ms. Zhang Xiuqin resigned as chief executive on September 4, 2023.
- iii. Mr. Wong Lit Chor Alexis was appointed as an independent non-executive director on September 20, 2023 and resigned as an independent non-executive director on July 31, 2024.
- iv. Mr. Wang Guoxin was appointed as chief executive on September 20, 2023.
- v. Mr. Bai Xianyue was appointed as an independent non-executive director on August 22, 2024.
- vi. Mr. Sha Nali resigned as an independent non-executive director on December 31, 2024.

The emoluments of executive directors and supervisors shown above were mainly for their services in connection with the management of affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as the directors of the Company.

There was no arrangement under which a director, supervisor or chief executive of the Company waived or agreed to waive any remuneration during the year ended December 31, 2024.

## 13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2023: nil) director, details of whose remuneration are set out in Note 12 above. Details of the remuneration for the year of the remaining four (2023: five) individuals who are not a director, supervisor or chief executive of the Company are as follows:

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Salaries and other allowances	3,577	5,301
Performance-based bonuses	400	363
Retirement benefits scheme	96	117
	<b>4,073</b>	<b>5,781</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 13. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of the highest paid employees who are not the directors, supervisors or chief executive of the Company whose remuneration fell within the following bands is as follows:

	For the year ended December 31,	
	2024 Number of employees	2023 Number of employees
Hong Kong dollars ("HKD") nil to HKD1,000,000	1	—
HKD1,000,001 to HKD1,500,000	3	5
Total	4	5

During the years ended December 31, 2024 and 2023, no emoluments were paid by the Group to any of the directors, supervisors, chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

## 14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Profit for the year attributable to the owners of the Company	189,361	230,375

### Number of shares

	For the year ended December 31,	
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	232,730	229,067

No diluted earnings per share for the years ended December 31, 2024 and 2023 were calculated as there were no potential ordinary shares in issue for both 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 15. DIVIDENDS

In March 2024, a dividend of RMB91,627,000 was declared and paid by the Company to its then shareholders recognized as a distribution during the year (2023: Nil).

Subsequent to the reporting period, a final dividend in respect of the year ended December 31, 2024 of RMB0.3 per ordinary share, in an aggregate amount of RMB81,907,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment RMB'000	Other equipment RMB'000	Total RMB'000
<b>COST</b>								
At January 1, 2023	78,783	25,883	200,246	192,922	13,895	24,456	19,619	555,804
Additions	141	5,789	29,831	28,151	462	5,241	4,171	73,786
Transfer from construction in progress	216,701	—	(226,210)	470	—	8,862	177	—
Disposals	—	—	—	(3,578)	(114)	(2,442)	(1,194)	(7,328)
At December 31, 2023	295,625	31,672	3,867	217,965	14,243	36,117	22,773	622,262
Additions	188	2,897	1,078	20,545	435	5,051	1,888	32,082
Transfer from construction in progress	—	—	(4,005)	3,677	—	—	328	—
Disposals	—	—	—	(255)	(75)	(652)	(340)	(1,322)
Other decrease	(4,336)	—	(940)	—	—	—	—	(5,276)
<b>At December 31, 2024</b>	<b>291,477</b>	<b>34,569</b>	<b>—</b>	<b>241,932</b>	<b>14,603</b>	<b>40,516</b>	<b>24,649</b>	<b>647,746</b>
<b>DEPRECIATION</b>								
At January 1, 2023	37,201	21,700	—	84,654	11,350	20,768	16,006	191,679
Charge for the year	11,369	2,674	—	17,062	876	3,686	1,840	37,507
Eliminated on disposals	—	—	—	(3,399)	(108)	(2,284)	(1,134)	(6,925)
At December 31, 2023	48,570	24,374	—	98,317	12,118	22,170	16,712	222,261
Charge for the year	14,358	3,430	—	19,374	849	5,299	1,852	45,162
Eliminated on disposals	—	—	—	(234)	(69)	(600)	(218)	(1,121)
<b>At December 31, 2024</b>	<b>62,928</b>	<b>27,804</b>	<b>—</b>	<b>117,457</b>	<b>12,898</b>	<b>26,869</b>	<b>18,346</b>	<b>266,302</b>
<b>CARRYING AMOUNT</b>								
<b>At December 31, 2024</b>	<b>228,549</b>	<b>6,765</b>	<b>—</b>	<b>124,475</b>	<b>1,705</b>	<b>13,647</b>	<b>6,303</b>	<b>381,444</b>
At December 31, 2023	247,055	7,298	3,867	119,648	2,125	13,947	6,061	400,001



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Buildings	4.75%–9.50%
Leasehold improvement	20.00%–33.33%
Machinery	4.75%–31.67%
Transportation equipment	9.50%–23.75%
Electronic equipment	8.64%–33.53%
Other equipment	8.33%–34.55%

As at December 31, 2024, the carrying amount of property, plant and equipment of RMB293,122,000 (2023: RMB205,542,000) are pledged to banks as collaterals for the Group's borrowings, bills payable and gold loans.

## 17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amount at January 1, 2023	39,508	15,673	55,181
Additions	—	8,666	8,666
Lease modifications	—	(23)	(23)
Termination of leases	—	(1,376)	(1,376)
Depreciation charge	(899)	(8,712)	(9,611)
Carrying amount at December 31, 2023	38,609	14,228	52,837
Additions	77	18,342	18,419
Lease modifications	—	22	22
Termination of leases	—	(11,284)	(11,284)
Depreciation charge	(900)	(8,982)	(9,882)
Carrying amount at December 31, 2024	<b>37,786</b>	<b>12,326</b>	<b>50,112</b>

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	<b>2,642</b>	3,184
Total cash outflow for leases	<b>11,778</b>	12,205



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 17. RIGHT-OF-USE ASSETS (Continued)

For the years ended December 31, 2024 and 2023, the Group leases various lands, offices and retail stores for its operations. Lease contracts are entered into for fixed terms of 1 month to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns buildings where its manufacturing facilities and office are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for certain properties, electronic equipment and transportation equipment. As at December 31, 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

The Group's lease agreements do not contain any variable lease payments nor any extension or purchase option for lessee.

### Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased properties that are held by the lessor.

As at December 31, 2024, the carrying amount of leasehold lands of RMB3,440,000 (2023: RMB3,513,000) are pledged to banks as collaterals for the Group's borrowings.

### Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. The legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended December 31, 2024, the Group has raised RMB299,500,000 (2023: nil) borrowings in respect of such sale and leaseback arrangements (Note 28).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 18. INVESTMENT PROPERTIES

The Group leases out office units, a factory and commercial property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 10 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
<b>COST</b>	
At January 1, 2023	49,516
Transfer from property, plant and equipment	20,947
Transfer from right-of-use assets	46,106
At December 31, 2023 and 2024	116,569
<b>DEPRECIATION AND IMPAIRMENT</b>	
At January 1, 2023	31,677
Charge for the year	4,197
At December 31, 2023	35,874
Charge for the year	4,190
Impairment loss recognised in profit or loss	15,207
At December 31, 2024	55,271
<b>CARRYING VALUES</b>	
At December 31, 2024	61,298
At December 31, 2023	80,695

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands	2.00%–2.66%
Leased properties	4.75%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 18. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	As at December 31,			
	2024		2023	
	Carrying Amount RMB'000	Fair value at Level 3 RMB'000	Carrying Amount RMB'000	Fair value at Level 3 RMB'000
Office units located in Tianjin	21,205	51,000	23,075	54,000
Factory located in Tianjin	37,000	37,000	54,118	55,000
Commercial property units located in Beijing	3,093	10,500	3,502	11,000
	61,298	98,500	80,695	120,000

The fair value of the investment properties (other than the leasehold land attached to the factory located in Tianjin) was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed with reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighborhood. The discount rate is determined with reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of leasehold land attached to the factory located in Tianjin was determined based on direct comparison by making reference to comparable sales evidence as available in the relevant market.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at December 31, 2024, the carrying amounts of investment properties of RMB32,127,000 (2023: RMB34,943,000) are pledged to banks as collaterals for the Group's borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 19. INTANGIBLE ASSETS

	Software RMB'000	Trademark RMB'000	Total RMB'000
<b>COST</b>			
At January 1, 2023	15,720	7	15,727
Additions	1,708	—	1,708
At December 31, 2023	17,428	7	17,435
Additions	8,978	—	8,978
At December 31, 2024	<b>26,406</b>	<b>7</b>	<b>26,413</b>
<b>AMORTISATION</b>			
At January 1, 2023	8,153	1	8,154
Charge for the year	1,691	1	1,692
At December 31, 2023	9,844	2	9,846
Charge for the year	1,923	1	1,924
At December 31, 2024	<b>11,767</b>	<b>3</b>	<b>11,770</b>
<b>CARRYING AMOUNT</b>			
At December 31, 2024	<b>14,639</b>	<b>4</b>	<b>14,643</b>
At December 31, 2023	7,584	5	7,589

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Software	3.25–10 years
Trademark	6.83 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 20. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Deferred tax assets	41,866	34,069
Deferred tax liabilities	(1,178)	(15)
	40,688	34,054

The following are the major deferred tax assets recognised and movements thereof during the current and prior years:

	Tax losses	ECL provision	Investment properties impairment	Fair value changes of gold loans	Unrealised profit on inventories	Inventory provision	Refund liabilities and provision	Deferred income	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	—	9,696	—	4,364	3,402	165	6,447	71	4,556	28,701
Credit (charge) to profit or loss	5,354	(486)	—	4,934	1,293	(153)	(1,441)	(33)	(558)	8,910
At December 31, 2023	5,354	9,210	—	9,298	4,695	12	5,006	38	3,998	37,611
Credit (charge) to profit or loss	20,366	927	3,802	(9,298)	(2,704)	(12)	(5,006)	(10)	(1,771)	6,294
At December 31, 2024	25,720	10,137	3,802	—	1,991	—	—	28	2,227	43,905

The following are the major deferred tax liabilities recognised and movements thereof during the current and prior year:

	Right-of-use assets	Fair value changes of gold loans	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	(3,919)	—	(3,919)
Credit to profit or loss	362	—	362
At December 31, 2023	(3,557)	—	(3,557)
Credit (charge) to profit or loss	475	(135)	340
At December 31, 2024	(3,082)	(135)	(3,217)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 20. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Tax losses	55,027	37,372
Deductible temporary differences	20,508	2,356

No deferred tax asset has been recognised in relation to such deductible temporary difference and tax losses due to the unpredictability of future profit streams.

Unrecognised tax losses with expiry dates are disclosed in the following table.

	As at December 31,	
	2024 RMB'000	2023 RMB'000
2024	—	167
2025	—	4,956
2026	1,057	1,888
2027	14,077	16,708
2028	13,635	13,653
2029	26,258	—
	55,027	37,372

## 21. INVENTORIES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Raw materials	960,422	533,868
Work in progress	9,090	6,343
Finished goods (note)	1,552,134	1,612,052
Goods in transit	12,069	7,272
Consignment processing materials	2,787	525
Consumables	7,782	9,573
	2,544,284	2,169,633

Note: Included in the finished goods are items related to consignment arrangement amounted to RMB259,000 (2023: RMB854,000) as at December 31, 2024.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 22. TRADE RECEIVABLES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Trade receivables	316,862	186,885
Less: Allowance for credit losses	(40,483)	(36,372)
Total	276,379	150,513

As at January 1, 2023, gross carrying amount of trade receivables from contracts with customers amounted to RMB166,619,000.

The Group primarily allows a credit period around 3 to 90 days, except for certain credit worthy customers, where the credit periods are extended to a longer period. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the dates of delivery or rendering of services at the end of each reporting period.

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Within 90 days	237,173	147,878
90–180 days	15,430	2,456
180 days–1 year	22,883	179
1–2 years	893	—
Total	276,379	150,513

As of December 31, 2024, included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB7,099,000 (2023: RMB3,010,000) which are past due as at the reporting date. Out of the past due balances, RMB4,872,000 (2023: RMB575,000) has been past due 90 days or more. The past due 90 days balances of RMB3,314,000 (2023: RMB575,000) are not considered as in default as there has not been a significant change in credit quality and the amounts are considered recoverable.

Details of impairment assessment are set out in Note 37.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
<b>Current:</b>		
Other receivables		
— Deposits	5,974	5,599
— Payments on behalf of employee	1,293	1,310
— Others	5,095	2,265
Less: Allowance for credit losses	(4,049)	(2,827)
Total other receivables	8,313	6,347
Prepayment to suppliers	9,515	9,880
Prepayments for listing expenses and issue costs	—	930
Prepaid EIT	3,181	35,634
Deductible input VAT	127,619	106,130
Right to returned goods asset (Note i)	205,868	218,353
Deferred expenses related to H-share listing attempt	—	15,098
Prepaid advertising expenses	38,434	4,594
Prepaid interest on gold loans	209	1,661
Others	2,313	779
Total	395,452	399,406
<b>Non-current:</b>		
Other receivables		
— Deposits	4,020	4,187
Less: Allowance for credit losses	(585)	(634)
Total other receivables	3,435	3,553
Prepayment for acquisition of non-current assets (Note ii)	123,373	10,307
Right to returned goods asset (Note i)	19,225	27,642
Total	146,033	41,502

Details of impairment assessment are set out in Note 37.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

- i. The amounts included (i) an asset for the Group's right to recover products from customers for sale with a right of return/exchange, and (ii) gold products under lending arrangement to certain franchisees and provincial-dealers, where they are obliged to return gold products of the same type, quantity and quality to the Group or settle their obligations in cash or used gold products on the basis of the selling price of the lent gold products at maturity.
- ii. Included in the balance as at December 31, 2024 was an amount of approximately RMB114,000,000 paid to an independent third party supplier (the "Supplier"), being the contract considerations pursuant to two agreements entered into in relation to design and provision of automated production and warehouse facilities and solutions (collectively the "Project"), for the purpose of enhancing the operating efficiency of the Group. Subsequent to the year end, due to the fact that the progress of the Project had significantly lagged behind the original schedule mutually agreed between the Group and the Supplier, the directors of the Company further liaised with the Supplier to cancel the contracts and requested for refund of the prepayment to better safeguard the Group's fund. Up to the date of this report, the full amount of RMB114,000,000 has been refunded by the Supplier. Notwithstanding that, enhancing and upgrading the Group's production and warehouse facilities remained a key development plan for the Group. The Group is now in the process of renegotiation with the Supplier for a more practical work scope and implementation plan and corresponding payment schedule, while at the same time may also consider to solicit and explore alternative suppliers which could offer terms more favorable to the Group.

## 24. PLEDGED/RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash and cash equivalents		
— Cash on hand	123	329
— Bank balances (Note i)	528,000	134,822
— Balances with online payment platforms	1,823	1,073
— Surplus deposits with Shanghai Gold Exchange	26,221	19,642
	556,167	155,866
Pledged/restricted deposits (Note ii)	466,621	528,795

Notes:

- i. As at December 31, 2024, bank balances of the Group carried interest at market rates ranging from nil to 1.15% (2023: nil to 1.15%) per annum.
- ii. As at December 31, 2024, pledged/restricted deposits mainly include bank deposits pledged to banks to secure banking facilities and security deposits for issuance of bills payable, gold loans and gold trading accounts, etc. The balances carried interest rates ranging from nil to 2.25% (2023: nil to 2.25%) per annum.

As at December 31, 2024, the carrying amount of pledged/restricted deposits of the Group of RMB279,675,000 (2023: RMB327,250,000) are pledged to banks as collaterals for the Group's borrowings, gold loans and bills payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 25. TRADE AND BILLS PAYABLES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Bills payable under supplier finance arrangements (Notes i & ii)	370,000	470,000
Trade payables	24,083	41,787
	<b>394,083</b>	<b>511,787</b>

Notes:

- i. The bills payable were guaranteed by the Company and/or certain subsidiaries of the Group.
- ii. In order to ensure easy access to finance for a supplier of the Group, the Group permits a supplier to obtain payment from banks by discounting bills issued by the Group for the amount of gold that the Group agrees to purchase. The Group repays the banks the full bill amount on the due date of the bill. As the arrangements are part of the working capital used in the entity's normal operating cycle, the Group considers the bills payable under such supplier finance arrangements should be classified as trade and bills payables.

An aged analysis of the Group's trade payables presented based on the invoice date at the end of each reporting period is as follows:

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Within 1 year	21,356	40,490
1–2 years	2,317	914
2–3 years	101	170
Over 3 years	309	213
	<b>24,083</b>	<b>41,787</b>

All bills payable issued by the Group are with a maturity period of less than one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 26. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Other payables		
— deposits received	85,683	84,329
— accrued expenses	2,867	5,526
— accrued listing expenses and issue costs	3,654	529
— others	825	1,893
Total other payables	93,029	92,277
Rent received in advance	2,905	2,693
Other tax payable	17,888	16,898
Salaries, welfare and bonus payable	30,595	27,274
	144,417	139,142

## 27. LEASE LIABILITIES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	7,706	7,711
Within a period of more than one year but not exceeding two years	4,774	5,692
Within a period of more than two years but not exceeding five years	1,071	2,589
	13,551	15,992
Analysed as:		
Amounts due for settlement within one year shown under current liabilities	7,706	7,711
Amounts due for settlement after one year shown under non-current liabilities	5,845	8,281

The lease liabilities of approximately RMB13,551,000 (2023: RMB15,992,000) are secured by the rental deposits of approximately RMB1,689,000 (2023: RMB2,422,000) as at December 31, 2024.

The incremental borrowing rates applied to lease liabilities range from 4.49% to 5.88% (2023: 5.22% to 5.88%) for the year ended December 31, 2024.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 28. BORROWINGS

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Bank borrowings	1,109,258	790,041
Other borrowings relating to sale-and-leaseback transactions (Note 17)	234,390	—
Other borrowings pledged by trade receivables (Note i)	5,270	—
	<b>1,348,918</b>	790,041
Guaranteed and secured (Notes ii & iii)	320,430	569,820
Unguaranteed and secured (Note ii)	558,900	29,981
Guaranteed and unsecured (Note iii)	469,588	190,240
	<b>1,348,918</b>	790,041

Notes:

- As at December 31, 2024, trade receivables amounting to RMB5,270,000 were pledged to obtain the borrowings amounting to RMB5,270,000.
- The secured borrowings were secured by the pledge of certain bank deposits, property, plant and equipment, right-of-use assets, investment properties, patents and/or trade receivables.
- The guaranteed bank borrowings and other borrowings were guaranteed by the Company and/or certain subsidiaries of the Group.

Bank borrowings relating to discounted bills represented the cash received on bills receivables discounted to various banks with full recourse relates to discounted bills issued among subsidiaries of the Group for intra-group transactions.

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	As at December 31,	
	2024 RMB'000	2023 RMB'000
The carrying amounts of the borrowings are repayable:		
Within one year	1,167,496	790,041
Within a period of more than one year but not exceeding two years	149,605	—
Within a period of more than two years but not exceeding five years	31,817	—
	<b>1,348,918</b>	790,041
Less: Amounts due within one year shown under current liabilities	1,167,496	790,041
Amounts shown under non-current liabilities	<b>181,422</b>	—



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 28. BORROWINGS (Continued)

The exposure of the Group's borrowings are as follows:

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	1,348,918	790,041

As at December 31, 2024, borrowings carry interest at 3.25% to 6.48% (2023: 3.60% to 5.51%) per annum.

## 29. CONTRACT LIABILITIES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Sales of goods	106,093	42,173

As at January 1, 2023, the carrying amounts of contract liabilities were approximately RMB39,044,000.

The contract liabilities were expected to be recognised as revenue in the next 12 months.

The following table shows how much of the revenue recognised related to carried forward contract liabilities.

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liability balance at the beginning of the year — sales of goods	41,907	39,006

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 30. GOLD LOANS

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Gold loans	359,087	502,508

The Group borrows gold from bank for 3 months to 12 months and pays a fixed fee to bank for the duration of the contract based on the value of gold at inception and relevant interest rates at inception. At maturity, the Group is obliged to deliver gold of the same type, quantity and quality to bank. The Group does not have an option to settle its obligation in cash. Gold loans representing the obligation to deliver gold are classified as liabilities at FVTPL at initial recognition.

The fair value of gold loans is determined with reference to quoted market bid price of gold traded in active liquid markets and classified as Level 2 of the fair value hierarchy.

The gold loans were secured by the pledge of certain bank deposits and property, plant and equipment and guaranteed by the Company and/or certain subsidiaries of the Group.

## 31. REFUND LIABILITIES

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Refund liabilities	49,510	71,327
Analysed for reporting purposes as:		
Non-current liabilities	26,097	38,384
Current liabilities	23,413	32,943
	49,510	71,327

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 32. SHARE CAPITAL

	Number of shares		Share capital	
	2024 '000	2023 '000	2024 RMB'000	2023 RMB'000
<b>Issued and fully paid:</b>				
At beginning of year	229,067	229,067	229,067	229,067
Issue of shares upon IPO (note)	43,956	—	43,956	—
At end of year	273,023	229,067	273,023	229,067

Note: On November 29, 2024, the Company was successfully listed on the Main Board of The Stock Exchange following the completion of issuance of approximately 43,956,000 new shares of RMB1.00 each, issued at an offer price of HK\$12.00 per share and the total proceed was HK\$527,482,000 (equivalent to approximately RMB487,156,000). An amount of RMB443,200,000, being the excess of the consideration received over the par value of the ordinary shares, was credited to share premium and share issue cost of RMB41,524,000 was debited to the share premium.

## 33. RETIREMENT BENEFITS SCHEME

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The Company and its PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions.

The retirement benefits cost charged to profit or loss or capitalised in inventories of approximately RMB19,507,000 (2023: RMB17,890,000) for the year ended December 31, 2024, represents contributions paid/payable to the plan by the Group at rates specified in the rules of the plan.

As at December 31, 2024 and 2023, the Group had no forfeited contributions under the above retirement benefits scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at December 31, 2024 and 2023 under such scheme which may be used by the Group to reduce the contribution payable in future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	<b>Borrowings</b> RMB'000	<b>Lease liabilities</b> RMB'000	<b>Total</b> RMB'000
At January 1, 2023	829,627	18,223	847,850
Additions	—	8,666	8,666
Lease modifications	—	(23)	(23)
Termination of leases	—	(1,116)	(1,116)
Finance costs (Note 8)	44,927	935	45,862
Other non-cash movements	—	(1,672)	(1,672)
Financing cash flows	(84,513)	(9,021)	(93,534)
At December 31, 2023	790,041	15,992	806,033
Additions	—	18,342	18,342
Lease modifications	—	22	22
Termination of leases	—	(11,674)	(11,674)
Finance costs (Note 8)	52,585	1,016	53,601
Other non-cash movements	—	(1,088)	(1,088)
Financing cash flows	506,292	(9,059)	497,233
At December 31, 2024	<b>1,348,918</b>	<b>13,551</b>	<b>1,362,469</b>

## 35. OPERATING LEASING ARRANGEMENTS

### The Group as lessor

Undiscounted lease payments receivable on leases are as follows:

	<b>As at December 31,</b>	
	<b>2024</b> RMB'000	2023 RMB'000
Within one year	<b>1,935</b>	3,712
In the second year	<b>1,080</b>	915
	<b>3,015</b>	4,627

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 36. CAPITAL COMMITMENTS

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	5,362	8,252

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Categories of the financial instruments

	As at December 31,	
	2024 RMB'000	2023 RMB'000
<b>Financial assets:</b>		
Financial assets at amortised cost	1,310,792	845,074
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	1,836,030	1,394,105
<b>Lease liabilities</b>	13,551	15,992

### Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, financial assets at FVTPL, other receivables, pledged/restricted deposits, cash and cash equivalents, trade and bills payables, other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk, commodity price risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Market risk

##### (i) Foreign currency risk

Certain transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of each reporting period are as follows:

	Assets	
	As at December 31,	
	2024 RMB'000	2023 RMB'000
US Dollar ("USD")	16,236	3,438
Euro ("EUR")	1	22
HKD	459,377	70
Australian Dollar	7	8

	Liabilities	
	As at December 31,	
	2024 RMB'000	2023 RMB'000
USD	917	—

The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

As at December 31, 2024, the following table details the Group's sensitivity to a 5% increase and decrease in HKD and USD against RMB 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where HKD or USD strengthen 5% against RMB. For a 5% weakening of HKD or USD against RMB, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would become negative.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

##### (i) Foreign currency risk (Continued)

	HKD Impact		USD Impact	
	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000
Profit or loss and other comprehensive income	17,227	3	643	129

##### (ii) Interest rate risk

The Group's and the Company's fair value interest rate risk relates primarily to pledged/restricted deposits (Note 24), fixed-rate borrowings (Note 28), gold loans (Note 30) and lease liabilities (Note 27). The Group's and the Company's cash flow interest rate risk are mainly concentrated on the fluctuation of interest rates on bank balances, which carry prevailing market interest rates. The Group and the Company manage interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. No sensitivity analysis on cash flow interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances is insignificant.

##### (iii) Commodity price risk

The Group is principally engaged in the sales of jewellery including gold products in the PRC. The gold market is influenced by global as well as regional supply and demand conditions. A significant decline in prices of gold could adversely affect the Group's financial performance. In order to reduce the commodity price risk, the Group uses gold loans as well as derivative financial instruments of gold contracts, such as Au (T+D) contracts, to reduce its exposure to fluctuations in the gold price on gold products. Should the gold price go up, the Group would recognise a loss representing the increase in gold price compared to the contract price, and largely net against the increase in turnover of gold products as a result of gold price increase.

The Au (T+D) contracts are settled on a daily basis and the differences between the contract price and market price are immediately recognised in the consolidated statements of profit or loss and other comprehensive income. The gold loans are settled at maturity which usually mature in 3 to 12 months from date of inception and the fair value changes are immediately recognised in the consolidated statements of profit or loss and other comprehensive income. The gold price exposures are monitored by management in a timely manner.

As at December 31, 2024, if the market price of gold had increased/decreased by 5%, post-tax profit for the year ended December 31, 2024, due to changes in fair values of gold loans, would have been approximately RMB13,466,000 (2023: RMB18,844,000) lower/higher.

##### (iv) Other price risk

The Group is exposed to price risk in respect of its financial products issued by banks classified as financial assets at FVTPL.

The management of the Group considers the fluctuation in fair value changes on financial products are insignificant, taking into account their short-term duration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk

The Group's and the Company's exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is primarily attributable to trade receivables, other receivables, pledged/restricted deposits, cash and cash equivalents and financial products measured at FVTPL.

Except for financial products measured at FVTPL, the Group and the Company performed impairment assessment for financial assets under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

The Group's and the Company's pledged/restricted deposits and cash and cash equivalents are deposited with banks or exchange or online payment platforms with high credit ratings and the Group and the Company have limited exposure to any single financial institution or counterparty.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals, other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and summarising of the credit-impaired information for further impairment assessment. The Group's trade receivables are due from a large number of customers. As at December 31, 2024 and 2023, less than 10% of the total trade receivables were due from the Group's top five customers, respectively. The management closely monitors the subsequent settlement of the customers.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets subject to ECL assessment
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

The tables below detail the credit risk exposures of the Group's and the Company's financial assets which are subject to ECL assessment:

#### The Group

			Gross carrying amount	
			As at December 31,	
			2024	2023
			RMB'000	RMB'000
<b>Financial assets at amortised cost</b>				
Trade receivables (Note 22)	N/A (note i)	Lifetime ECL (provision matrix)	274,985	150,573
	Loss	Lifetime ECL — credit-impaired	41,877	36,312
			316,862	186,885
Other receivables (Note 23)	Low risk	12m ECL	16,382	13,361
			16,382	13,361
Pledged/restricted deposits (Note 24)	Low risk	12m ECL	466,621	528,795
Cash and cash equivalents (Note 24)	Low risk	12m ECL	556,167	155,866

Note:

- For trade receivables, the Group have applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables relating to customers with significant doubt on collection of receivables, the Group and the Company determine the ECL on these items on a collective basis, grouped by debtors' aging.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment because the debtors consist of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix. In addition, as at December 31, 2024, debtors with gross carrying amounts of RMB41,877,000 (2023: RMB36,312,000) were assessed individually.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. As at December 31, 2024, the loss rate of trade receivables assessed ECL collectively using a provision matrix is 0.06% (2023: 0.03%–0.04%).

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At January 1, 2023	53	35,644	35,697
Impairment losses recognised	13	2,735	2,748
Impairment losses reversed	(6)	(2,067)	(2,073)
At December 31, 2023	60	36,312	36,372
Transfer to credit-impaired	(1)	1	—
Impairment losses recognised	108	4,556	4,664
Impairment losses reversed	(3)	(550)	(553)
At December 31, 2024	<b>164</b>	<b>40,319</b>	<b>40,483</b>

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12m ECL RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At January 1, 2023	3,172	—	3,172
Transfer to credit-impaired	(112)	112	—
Impairment losses recognised	801	—	801
Impairment losses reversed	(400)	—	(400)
Write-offs (Note)	—	(112)	(112)
At December 31, 2023	3,461	—	3,461
Impairment losses recognised	1,231	—	1,231
Impairment losses reversed	(58)	—	(58)
At December 31, 2024	<b>4,634</b>	<b>—</b>	<b>4,634</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

Note: The Group writes off a trade receivable or other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

#### Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangements to ease access to finance for a supplier of the Group. The Group's bills payables under supplier finance arrangements are issued by a few banks, this results in the Group having obligation of settlement concentrated in these banks. As the bills payable under supplier finance arrangements are part of the working capital used in the Group's normal operating cycle, the management of the Group monitors and maintains a reasonable exposure of such liabilities. Therefore, the management does not consider the supplier finance arrangements result in significant liquidity risk of the Group. Details of the arrangements are set out in note 25.

The following tables detail the Group's and the Company's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or the Company can be required to pay.

	Weighted average interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>As at December 31, 2023</b>						
<b>Financial liabilities</b>						
Trade and bills payables	—	511,787	—	—	511,787	511,787
Other payables	—	92,277	—	—	92,277	92,277
Borrowings	3.60%–5.51%	802,593	—	—	802,593	790,041
Subtotal		1,406,657	—	—	1,406,657	1,394,105
<b>Lease liabilities</b>	5.22%–5.88%	7,926	6,183	2,986	17,095	15,992
Total		1,414,583	6,183	2,986	1,423,752	1,410,097

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>As at December 31, 2024</b>						
<b>Financial liabilities</b>						
Trade and bills payables	—	394,083	—	—	394,083	394,083
Other payables	—	93,029	—	—	93,029	93,029
Borrowings	3.25%–6.48%	1,197,547	152,477	36,389	1,386,413	1,348,918
Subtotal		1,684,659	152,477	36,389	1,873,525	1,836,030
<b>Lease liabilities</b>	4.49%–5.88%	7,907	5,133	1,209	14,249	13,551
Total		1,692,566	157,610	37,598	1,887,774	1,849,581

### Fair value measurements of financial instruments

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

## 38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the years ended December 31, 2024 and 2023.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in Note 28, gold loans disclosed in Note 30, lease liabilities disclosed in Note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new shares issues as well as raising of borrowings.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 39. MAJOR NON-CASH TRANSACTIONS

For sale of gold products, the Group allows customers to use used gold products as part of the consideration for the transaction price. For the year ended December 31, 2024, used gold as part of the consideration paid by franchisees and provincial-dealers amounted to RMB7,473,063,000 (2023: RMB6,692,698,000), and used gold paid by customers from self-operated stores amounted to RMB97,449,000 (2023: RMB114,026,000).

During the year ended December 31, 2024, the Group entered into gold loan contracts with physical settlement amounting to RMB787,972,000(2023: RMB618,107,000) and made settlement amounting to RMB893,659,000(2023: RMB529,477,000). Such borrowings and settlements, which are delivered by the inventories, are presented in the consolidated statements of cash flows as non-cash transactions.

During the year ended December 31, 2024, the Group entered into certain new lease agreements for the use of leased properties. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB18,342,000(2023: RMB8,666,000) during the year ended December 31, 2024.

## 40. RELATED PARTY DISCLOSURES

### (A) Related party transactions

During the current and prior years, the Group and the Company have entered into the following transactions with related parties:

#### The Group

Relationship	Nature of transaction	For the year ended December 31,	
		2024 RMB'000	2023 RMB'000
The controlling shareholders	Short-term lease expenses	343	191

### (B) Remuneration of key management personnel of the Group

	For the year ended December 31,	
	2024 RMB'000	2023 RMB'000
Salaries and other allowances	3,526	3,394
Performance-based bonuses	4,455	1,826
Retirement benefits scheme	351	385
	8,332	5,605

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion ownership interest and voting power held by the Company as at		Principal activities	Direct/indirect
			December 31, 2024	December 31, 2023		
Shandong Yifu (Note) 山東億福金業珠寶首飾有限公司	The PRC August 2, 2007	RMB 76,614,000.00	100%	100%	Jewellery production	Direct
Shandong Mokingran Jewellery Limited* (Note) 山東夢金園珠寶首飾有限公司	The PRC April 5, 2004	RMB 60,000,000.00	100%	100%	Jewellery wholesale	Direct
Shandong Mokingran E-Commerce Limited*(Note) 山東夢金園電子商務有限公司	The PRC December 12, 2014	RMB 3,000,000.00	100%	100%	Jewellery retail	Indirect
Shenzhen Mokingran E-Commerce Limited* (Note) 深圳夢金園電子商務有限公司	The PRC August 22, 2018	RMB 3,000,000.00	51%	51%	Jewellery retail	Indirect
Shanghai Yuanjunmeng Diamond Limited* (Note) 上海緣君夢鑽石有限公司	The PRC December 3, 2014	RMB 1,000,000.00	100%	100%	Diamond wholesale	Indirect
HONG KONG MOKINGRAN JEWELLERY GROUP LIMITED(Note) 香港夢金園國際珠寶集團有限公司	Hong Kong April 25, 2003	HKD 2,000,000.00	100%	100%	Jewellery wholesale	Indirect
Beijing Mokingran Jewellery Limited* 北京夢金園珠寶首飾有限公司	The PRC August 21, 2017	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Guangdong Mokingran Jewellery Limited* (Note) 廣東夢金園珠寶首飾有限公司	The PRC August 1, 2017	RMB 2,000,000.00	100%	100%	Jewellery wholesale	Direct
Jinan Mokingran Gold Jewellery Limited* (Note) 濟南夢金園黃金珠寶有限公司	The PRC June 17, 2011	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Nanjing Mokingran Jewellery Limited*(Note) 南京夢金園珠寶首飾有限公司	The PRC September 24, 2013	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Zhengzhou Mokingran Jewellery Limited* (Note) 鄭州夢金園珠寶首飾有限公司	The PRC August 3, 2015	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Shenyang Mokingran Jewellery Limited* (Note) 瀋陽市夢金園珠寶首飾有限公司	The PRC April 7, 2015	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Hangzhou Mokingran Jewellery Limited* (Note) 杭州夢金園珠寶首飾有限公司	The PRC August 26, 2016	RMB 5,000,000.00	100%	100%	Jewellery wholesale	Direct
Tianjin Mokingran Jewellery Limited*(Note) 天津夢金園珠寶首飾有限公司	The PRC November 27, 2015	RMB 10,000,000.00	100%	100%	Jewellery retail	Direct

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion ownership interest and voting power held by the Company as at		Principal activities	Direct/indirect
			December 31, 2024	December 31, 2023		
Tianjin Zongyi Technology Development Limited* (Note) 天津宗儀科技研發有限公司	The PRC March 21, 2014	—/RMB 10,000,000.00	100%	100%	Jewellery wholesale	Direct
Zhongbao Zhengxin Gold & Silver Jewellery Testing Limited* (Note) 中寶正信金銀珠寶首飾檢測有限公司	The PRC March 26, 2013	RMB 50,000,000.00	100%	100%	Jewellery testing	Direct
Changle Chengxin Gold Limited* (Note) 昌樂誠信黃金有限公司	The PRC September 8, 2003	RMB 40,000,000.00	100%	100%	Jewellery retail	Direct
Jinan Chengxin Mokingran Jewellery Limited* (Note) 濟南誠信夢金園珠寶首飾有限公司	The PRC May 15, 2019	RMB 1,000,000.00	100%	100%	Jewellery retail	Indirect
Beijing Chengxin Mokingran Jewellery Limited* (Note) 北京誠信夢金園珠寶首飾有限公司	The PRC March 9, 2010	RMB 5,000,000.00	100%	100%	Jewellery retail	Direct
Shenzhen Mokingran Jewellery Limited* (Note) 深圳市夢金園珠寶首飾有限公司	The PRC December 10, 2010	RMB 80,000,000.00	100%	100%	Jewellery wholesale	Direct
Lhasa Jingqianhui Technology Limited* (Note) 拉薩金千匯科技有限公司	The PRC April 1, 2024	RMB 300,000.00/ RMB 1,000,000.00	51%	—	Jewellery retail	Indirect
Changle Mokingran Jewellery Limited* (Note) 昌樂夢金園珠寶有限公司	The PRC April 11, 2024	RMB 1,000,000.00	100%	—	Jewellery wholesale	Direct
Tianjin Chirui Technology Research & Development Limited* (Note) 天津馳瑞科技研發有限公司	The PRC December 25, 2024	—/RMB 50,000,000	100%	—	Jewellery wholesale	Direct
Tianjin Yifu Technology Research & Development Limited* (Note) 天津億福科技研發有限公司	The PRC December 30, 2024	—/RMB 50,000,000	100%	—	Jewellery wholesale	Indirect

Note: No audited statutory financial statements were prepared for these subsidiaries for the year ended December 31, 2024 as there are no statutory audit requirements.

None of the subsidiaries had issued any debt securities at the end of the year.

\* English name is for identification purpose only. All subsidiaries of the Group established in the PRC are domestic limited liability companies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at December 31,	
	2024 RMB'000	2023 RMB'000
<b>Non-current Assets</b>		
Property, plant and equipment	22,857	24,510
Right-of-use assets	2,572	2,674
Investment properties	58,205	77,193
Intangible assets	3,082	4,062
Investments in subsidiaries	1,716,412	1,725,125
Deferred tax assets	29,639	5,456
Prepayments, deposits and other receivables	117,976	3,175
	<b>1,950,743</b>	<b>1,842,195</b>
<b>Current Assets</b>		
Inventories	192,722	241,524
Trade receivables	1,288	29
Amounts due from subsidiaries	204,177	17,170
Prepayments, deposits and other receivables	172,138	225,866
Pledged/restricted deposits	77,674	132,453
Cash and cash equivalents	478,331	25,422
	<b>1,126,330</b>	<b>642,464</b>
<b>Current Liabilities</b>		
Trade payables	981	1,062
Amounts due to subsidiaries	948,958	680,098
Other payables and accruals	11,501	3,889
Borrowings	422,455	430,554
Contract liabilities	1,635	—
	<b>1,385,530</b>	<b>1,115,603</b>
Net Current Liabilities	<b>(259,200)</b>	<b>(473,139)</b>
<b>Total Assets less Current Liabilities</b>	<b>1,691,543</b>	<b>1,369,056</b>
<b>Non-current Liability</b>		
Borrowings	18,000	—
	<b>18,000</b>	<b>—</b>
<b>Net Assets</b>	<b>1,673,543</b>	<b>1,369,056</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year ended December 31, 2024

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	As at December 31,	
	2024 RMB'000	2023 RMB'000
<b>Capital and Reserves</b>		
Share capital	273,023	229,067
Reserves	1,400,520	1,139,989
<b>Total Equity</b>	<b>1,673,543</b>	1,369,056

## 43. RESERVES OF THE COMPANY

	Share premium RMB'0000	Share- based payments reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2023	511,082	71,244	54,091	374,573	1,010,990
Profit and total comprehensive income for the year	—	—	—	128,999	128,999
Appropriation to statutory reserve	—	—	12,900	(12,900)	—
At December 31, 2023	511,082	71,244	66,991	490,672	1,139,989
Loss and total comprehensive expense for the year	—	—	—	(49,518)	(49,518)
Issue of shares upon IPO (Note 32)	443,200	—	—	—	443,200
Share issue costs for IPO	(41,524)	—	—	—	(41,524)
Dividend declared (Note 15)	—	—	—	(91,627)	(91,627)
	401,676	—	—	(91,627)	310,049
At December 31, 2024	<b>912,758</b>	<b>71,244</b>	<b>66,991</b>	<b>349,527</b>	<b>1,400,520</b>



# DEFINITIONS

In this annual report, unless the context otherwise require, the following expressions shall have the following meaning:

“Articles of Association”	the articles of association of the Company, as amended, which became effective on the Listing Date
“Audit Committee”	the audit committee of the Board
“Au (T+D)”	Au (T+D) is a standardized contract employed by the Shanghai Gold Exchange. It involves the delivery of a predetermined amount of gold at a predetermined price on a specified future date
“Beijing Chengxin”	Beijing Chengxin Mokingran Jewellery Limited* (北京誠信夢金園珠寶首飾有限公司), a company established in the PRC on March 9, 2010 and a wholly-owned subsidiary of the Company
“Beijing Mokingran”	Beijing Mokingran Jewellery Limited* (北京夢金園珠寶首飾有限公司), a company established in the PRC on August 21, 2017 and a wholly-owned subsidiary of the Company
“Board” or “Board of Directors”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“Board Committees”	the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic Committee
“Changle Chengxin”	Changle Chengxin Gold Limited* (昌樂誠信黃金有限公司), a company established in the PRC on September 8, 2003 and a wholly-owned subsidiary of the Company
“Changle Mokingran”	Changle Mokingran Jewellery Limited* (昌樂夢金園珠寶有限公司), a company established in the PRC on April 11, 2024 and a wholly-owned subsidiary of the Company
“CG Code”	Corporate Governance Code as contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	MOKINGRAN JEWELLERY GROUP CO., LTD. (夢金園黃金珠寶集團股份有限公司), a limited liability company established in the PRC on September 8, 2000 and was further converted into a joint stock limited company on June 29, 2018, which was formerly known as “Changle Huaye Jewellery Limited* (昌樂華業珠寶有限公司)”, “Tianjin Mokingran Jewellery Limited* (天津夢金園珠寶首飾有限公司)”, “Tianjin Mokingran Gold Jewellery Limited* (天津夢金園黃金珠寶有限公司)” and “Mokingran Gold Jewellery Group Limited* (夢金園黃金珠寶集團有限公司)”
“Company Law”	the Company Law of the PRC



## DEFINITIONS (CONTINUED)

“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Mr. Wang Guoxin, Ms. Wang Na, Jinmeng Partnership, Jinyuan Partnership, Jinlong Partnership and Tianjin Yuanjinmeng
“Director(s)”	the director(s) of the Company
“Employee Share Ownership Scheme”	the employee share ownership scheme adopted by the Company on March 10, 2016
“Employee Shareholding Platforms”	collectively, Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership
“gold bullion”	gold bullion refers to high purity gold metal bulks primarily sold in bulk as an investment instrument for investors to hedge against currency, inflation and geopolitical risks, and is fundamentally different from gold jewellery which is primarily sold as a consumable good
“Group”	the Company and its subsidiaries
“Guangdong Mokingran”	Guangdong Mokingran Jewellery Limited* (廣東夢金園珠寶首飾有限公司), a company established in the PRC on August 1, 2017 and a wholly-owned subsidiary of the Company
“Hangzhou Mokingran”	Hangzhou Mokingran Jewellery Limited* (杭州夢金園珠寶首飾有限公司), a company established in the PRC on August 26, 2016 and a wholly-owned subsidiary of the Company
“H Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Mokingran”	HONG KONG MOKINGRAN JEWELLERY GROUP LIMITED (香港夢金園國際珠寶集團有限公司), a company incorporated in Hong Kong on April 25, 2003 and an indirect wholly-owned subsidiary of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an individual or a company which, to the best of Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Jinlong Partnership”	Tianjin Jinlong Enterprise Management Partnership (Limited Partnership)* (天津金隆企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and a Controlling Shareholder

## DEFINITIONS (CONTINUED)

“Jinan Chengxin”	Jinan Chengxin Mokingran Jewellery Limited* (濟南誠信夢金園珠寶首飾有限公司), a company established in the PRC on May 15, 2019 and an indirect wholly-owned subsidiary of the Company
“Jinan Mokingran”	Jinan Mokingran Jewellery Limited* (濟南夢金園黃金珠寶有限公司), a company established in the PRC on June 17, 2011 and a wholly-owned subsidiary of the Company
“Jinmeng Partnership”	Tianjin Jinmeng Enterprise Management Partnership (Limited Partnership)* (天津金夢企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and a Controlling Shareholder
“Jinyuan Partnership”	Tianjin Jinyuan Enterprise Management Partnership (Limited Partnership)* (天津金園企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and a Controlling Shareholder
“K-gold”	alloy formed by fusion of gold and other metals, which the gold purity is no less than 375 and no more than 916
“Latest Practicable Date”	April 22, 2025, being the latest practicable date prior to the publication of this annual report for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Listing Date”	the day of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, November 29, 2024
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Nanjing Mokingran”	Nanjing Mokingran Jewellery Limited* (南京夢金園珠寶首飾有限公司), a company established in the PRC on September 24, 2013 and a wholly-owned subsidiary of the Company
“Non-competition Agreement”	the non-competition agreement dated November 19, 2024 and entered into by each of the Controlling Shareholders in favor of the Company (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time)
“Nomination Committee”	The nomination committee of the Board
“Prospectus”	the prospectus issued by the Company dated November 28, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Remuneration and Appraisal Committee”	The remuneration and appraisal committee of the Board
“Reporting Period”	the year ended December 31, 2024

## DEFINITIONS (CONTINUED)

“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 E-commerce”	Shandong Mokingran E-commerce Limited* (山東夢金園電子商務有限公司), a company established in the PRC on December 12, 2014 and an indirect wholly-owned subsidiary of the Company
“Shandong Mokingran”	Shandong Mokingran Jewellery Limited* (山東夢金園珠寶首飾有限公司), a company established in the PRC on April 5, 2004 and a wholly-owned subsidiary of the Company
“Shandong Yifu”	Shandong Yifu Gold Jewellery Limited* (山東億福金業珠寶首飾有限公司), a company established in the PRC on August 2, 2007 and a wholly-owned subsidiary of the Company
“Shanghai Yuanjunmeng”	Shanghai Yuanjunmeng Diamond Limited* (上海緣君夢鑽石有限公司), a company established in the PRC on December 3, 2014 and an indirect wholly-owned subsidiary of the Company
“Share(s)”	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holders of the Shares
“Shenyang Mokingran”	Shenyang Mokingran Jewellery Limited* (瀋陽市夢金園珠寶首飾有限公司), a company established in the PRC on April 7, 2015 and a wholly-owned subsidiary of the Company
“Shenzhen E-commerce”	Shenzhen Mokingran E-commerce Limited* (深圳夢金園電子商務有限公司), a company established in the PRC on August 22, 2018 owned as to 51% by Shandong E-commerce and 49% by Shenzhen City Gold Chief Executive Technology Culture Co., Ltd.* (深圳市金總裁科技文化有限公司), an Independent Third Party
“Shenzhen Mokingran”	Shenzhen Mokingran Jewellery Limited* (深圳市夢金園珠寶首飾有限公司), a company established in the PRC on December 10, 2010 and a wholly-owned subsidiary of the Company
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supervisor(s)”	the supervisor(s) of the Company
“Tianjin Mokingran”	Tianjin Mokingran Jewellery Limited* (天津夢金園珠寶首飾有限公司), a company established in the PRC on November 27, 2015 and a wholly-owned subsidiary of the Company
“Tianjin Yuanjinmeng”	Tianjin Yuanjinmeng Enterprise Management Consultancy Co., Ltd.* (天津園金夢企業管理諮詢有限公司), a company established in the PRC on November 27, 2015 and a Controlling Shareholder

## DEFINITIONS (CONTINUED)

“Tianjin Zongyi”	Tianjin Zongyi Technology Development Limited* (天津宗儀科技研發有限公司), a company established in the PRC on March 21, 2014 and a wholly-owned subsidiary of the Company
“Unlisted Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Zhengzhou Mokingran”	Zhengzhou Mokingran Jewellery Limited* (鄭州夢金園珠寶首飾有限公司), a company established in the PRC on August 3, 2015 and a wholly-owned subsidiary of a Company
“Zhongbao Zhengxin”	Zhongbao Zhengxin Gold & Silver Jewellery Testing Limited* (中寶正信金銀珠寶首飾檢測有限公司), a company established in the PRC on March 26, 2013 and a wholly-owned subsidiary of the Company
“%”	per cent