2024 ANNUAL REPORT

Laopu Gold Co., Ltd.

老鋪黃金股份有限公司

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

Stock Code : 6181


LAOPU GOLD
LAOPU GOLD

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. XU Gaoming *(Chairman of the Board)*
Mr. FENG Jianjun
Mr. XU Rui
Mr. JIANG Xia

Independent Non-Executive Directors

Mr. SUN Yijun
Dr. HE Yurun
Mr. SEE Tak Wah

AUDIT COMMITTEE

Dr. HE Yurun *(Chairperson)*
Mr. SEE Tak Wah
Mr. SUN Yijun

REMUNERATION AND APPRAISAL COMMITTEE

Mr. SEE Tak Wah *(Chairperson)*
Mr. FENG Jianjun
Dr. HE Yurun

NOMINATION COMMITTEE

Mr. SUN Yijun *(Chairperson)*
Mr. XU Gaoming
Dr. HE Yurun

STRATEGY COMMITTEE

Mr. XU Gaoming *(Chairperson)*
Mr. FENG Jianjun
Mr. XU Rui

JOINT COMPANY SECRETARIES

Ms. HE Jing
Ms. LI Ching Yi

AUTHORISED REPRESENTATIVES

Mr. XU Rui
Ms. LI Ching Yi

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Rooms 3-6, 6/F
No. 3 West Building
The Towers at Oriental Plaza
No. 1 Dong Chang'an Avenue
Dongcheng District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Golden Centre
188 Des Voeux Road Central
Hong Kong

H SHARE REGISTRAR

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

LEGAL ADVISERS

As to Hong Kong law

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law

Global Law Office
20/F Tower 1
China Central Place
No. 81 Jianguo Road
Chaoyang District
Beijing
China

COMPLIANCE ADVISER

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of
China, Beijing Xindongan Branch
1/F 138 Wangfujing Street
Dongcheng District
Beijing
China

AUDITOR

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

STOCK CODE

6181

COMPANY WEBSITE

www.lphj.com

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China Gold Association"	a nationwide not-for-profit organization dedicated to gold industry mechanism establishment, approved and registered by the Ministry of Civil Affairs of the People's Republic of China and the former State Economic and Trade Commission in November 2001 in accordance with the Proposal for Reforming the State Gold Management System defined by the State Council
"Company", "our Company" or "the Company"	Laopu Gold Co., Ltd. (老鋪黃金股份有限公司), a limited liability company incorporated in the PRC on December 5, 2016 which was converted into a joint stock company with limited liability on November 25, 2019, whose H Shares are listed on the Stock Exchange (Stock Code: 6181)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng
"Director(s)"	the director(s) of the Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., Ltd. an independent market research and consulting company
"gemstone"	mineral crystals of aesthetics value, often used to make jewelry or ornament, among which diamond is a special kind of gemstone formed only from one single element of carbon, in comparison with other gemstones
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require
"H Share(s)"	Shares which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange with nominal value of RMB1.00 each

"heat treatment of enamels (燒藍)"	a decorative process that entails the application of colored enamel glaze onto the surface of gold products, which results in a vibrant and multi-hued appearance
"heritage gold (古法黃金) jewelry"	a type of gold product that combines modern designs and classic Chinese culture, features matte (啞光), sandy (磨砂) or other texture of ancient royal jewelry, and applies at least two Chinese traditional handmade gold crafting techniques as specified in the group standards published by the China Gold Association
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hongqiao Jinji"	Beijing Hongqiao Jinji Consulting Co., Ltd. (北京紅喬金季諮詢顧問有限公司), a limited liability company incorporated in the PRC on July 5, 2017 and one of our Controlling Shareholders
"IFRS"	International Financial Reporting Standards, amendments and interpretations issued by the IASB
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	June 28, 2024, on which the H Shares were listed and on which dealings in the H Shares were first permitted to commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Mainland China"	the People's Republic of China excluding, for the purposes of this annual report, Hong Kong, Macau and Taiwan
"MixC"	a high-end shopping mall under China Resources (Holdings) Company Limited (華潤(集團)有限公司), with a geographic layout covering various cities in China
"Mr. Xu"	Mr. XU Gaoming (徐高明), our executive Director and one of our Controlling Shareholders

"Mr. Xu Dongbo"	Mr. XU Dongbo (徐東波), one of our Controlling Shareholders, the son of Mr. Xu
"Prospectus"	the prospectus of the Company dated June 20, 2024
"pure gold"	refers to fine gold with gold content of 99.0% or above, according to the PRC National Standard No. GB11887
"Reporting Period"	for the year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"SKP"	a high-end shopping mall in China, with Beijing SKP, Xi'an SKP, Chengdu SKP, Wuhan SKP and etc. in its network
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Tianjin Jincheng"	Tianjin Jincheng Enterprise Management Consulting L.P. (Limited Partnership) (天津金橙企業管理諮詢合夥企業(有限合夥)), a stock incentive platform established in the PRC which is controlled by Hongqiao Jinji as the general partner and one of our Controlling Shareholders
"Unlisted Share(s)"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
"%"	per cent

Financial Highlights

A summary of the results and of the assets and liabilities of the Group for the last four financial years[Note] is set out below:

	For the year ended December 31,			
	2024 **(RMB'000)**	2023 *(RMB'000)*	2022 *(RMB'000)*	2021 *(RMB'000)*
Sales*	**9,795,210**	3,677,382	1,502,541	1,459,134
Revenue	**8,505,560**	3,179,564	1,294,220	1,264,603
Gross Profit	**3,501,220**	1,331,957	542,138	521,001
Profit before tax	**1,946,547**	553,469	126,770	154,209
Profit for the year	**1,473,106**	416,302	94,529	113,880
Profit attributable to:				
Owners of the Company	**1,473,106**	416,302	94,529	113,880
Earnings per Share				
Basic and diluted *(RMB)*	**9.47**	3.03	0.69	0.83

	For the year ended December 31,			
	2024 **(RMB'000)**	2023 *(RMB'000)*	2022 *(RMB'000)*	2021 *(RMB'000)*
Total non-current assets	**503,476**	382,711	286,230	246,090
Total current assets	**5,833,282**	1,775,836	1,004,982	922,880
Total current liabilities	**2,248,566**	474,144	291,381	267,267
Total non-current liabilities	**167,869**	168,987	130,262	131,391
Total equity	**3,920,323**	1,515,416	869,569	770,312

Note: The Company was only listed on the Stock Exchange on June 28, 2024, no financial information for the year ended December 31, 2020 has been published.

* Sales refer to tax-inclusive revenue.

Management Discussion and Analysis

BUSINESS REVIEW

Founded in 2009, we are the top heritage gold jewelry brand in China to promote the concept of heritage gold. It reshapes the landscape of China's gold jewelry market.

Since our inception, we have consistently adhered to our high-end brand positioning, systematically building a distinctive competitive advantage in "brand, product, channel, and customer service." With our formidable market influence, we have propelled the entire industry into the realm of heritage gold, ushering in a new product era in China's gold industry and driving the market transformation and development of China's outstanding traditional culture. In the evolving consumer landscape, we have maintained strategic focus, upheld high product value, and leveraged our corporate capabilities in "channel, customer service, and operations", enabling us to achieve leapfrog growth.

For the Reporting Period, the Group's revenue was approximately RMB8,505.6 million, representing an increase of approximately RMB5,326.0 million or approximately 167.5% as compared with the revenue of approximately RMB3,179.6 million for the year of 2023. For the Reporting Period, the Group's gross profit was approximately RMB3,501.2 million, representing an increase of approximately RMB2,169.2 million or approximately 162.9% as compared with the gross profit of approximately RMB1,332.0 million for the year of 2023. The above increases were mainly attributable to the following factors:

1. The continuous expansion of brand influence, leading to the competitive market position of the Group which resulted in a significantly increased overall revenue for existing boutiques across both online and offline channels.

We are positioned as a premium Chinese brand specializing in heritage gold, consistently focusing on our positioning of "heritage gold" and adhering to a concentrated brand strategy. We have not only established a consumer consensus as "China's leading brand in heritage gold jewelry industry", but have also emerged as a high-end Chinese brand competing directly with international luxury brands, and built significant brand advantage and brand influence:

- Our Company is the top heritage gold jewelry brand in China as recognized by the China Gold Association;

- Our Company is the drafting unit to draft the group standards for "Heritage Gold Artifact" (《古法金飾品》團體標準) and "Heritage Gold Artifact Inlaid with Diamonds" (《古法金鑲嵌鑽石飾品》團體標準) as published by the China Gold Association;

- Our Company is the first brand in the industry to introduce diamond-inlaid pure gold jewelry, setting trends for the industry;

- Our Company was listed in the "Hurun Supreme Brands – China's High Net-Worth Individuals' Brand Preferences Report" (胡潤至尚優品－中國高淨值人群品牌傾向報告) for three consecutive years from 2023 to 2025;

- Our Group achieved an average sales amount of approximately RMB328 million per shopping mall in 2024. According to Frost & Sullivan, in the year of 2024, among all reputable jewelry brands (including both international and domestic jewelry brands), our Group ranked first in Mainland China in terms of average revenue per shopping mall and revenue per available square meter;

- Although our Company primarily relies on offline channels for sales, our online flagship store topped the sales rankings among jewelry stores during the 2024 Tmall Double Eleven shopping festival with a total sales amount of approximately RMB1,260 million for the Reporting Period; and

- As of December 31, 2024, our loyalty members reached approximately 350,000, representing an increase of 150,000 members compared to the year of 2023, and the consumer base is constantly expanding.

The expansion of brand influence has led to continuous growth of same-store revenue. Our Company's same-store revenue growth rate in 2024 exceeded 120.9%.

2. The continuing optimization, promotion and iteration of the Group's products which facilitated the sustained operating revenue growth.

We were the pioneering brand in China to promote the concept of heritage gold, heralding a new product era in China's gold jewelry industry. We were the first to introduce diamond-inlaid pure gold jewelry, and the first to apply heat treatment of enamels (燒藍) to pure gold products, consistently driving the development and progress of China's gold jewelry industry.

Relying on the high-dimensional intellectual capital investment of the research and development team, the Group has built an extremely strong product research and development capability. Our founder personally serves as the R&D director, leading a team renowned for its strong innovative capabilities and solid professional expertise. Supported by the Company's culture, mechanisms, and systemic corporate capabilities, the team consistently develops products with exceptional market impact, ensuring sustained revenue growth.

As of December 31, 2024, we created nearly 2,000 original product designs and had 249 domestic patents, 1,314 work copyrights and 228 overseas patents.

3. As compared to the year of 2023, the Company had seven new boutiques and optimized and expanded four boutiques which resulted in an increased revenue contribution.

With our high-quality brand identity, as well as the track records of our existing boutiques, we have gained a strong channel expansion capability, enabling us to continuously open new boutiques in reputable commercial centers with stringent entry requirements. In recent years, the phenomenal traffic consistently observed at our boutiques in major shopping malls, coupled with the boutiques' exceptional revenue and revenue per available square meter, has further enabled the Company to effectively optimize the size and location of its existing boutiques.

As of December 31, 2024, we self-operated a total of 36 boutiques in 15 cities, all of which were located in 26 reputable commercial centers with stringent entry requirements, including five in SKP malls and 11 in MixC malls (萬象城). As compared to 2023, the Company had seven new boutiques and optimized and expanded four boutiques which resulted in an increased revenue contribution.

- Seven new boutiques: Beijing China World Mall Boutique (北京國貿商城店), Hong Kong Flagship Store (香港旗艦店), Tianjin MixC Boutique (天津萬象城店), Wuhan SKP Boutique (武漢SKP店), Zhengzhou Dennis David City Boutique (鄭州丹尼斯大衛城店), Shenzhen MixC L2 Boutique (深圳萬象城L2層店), Hong Kong Harbour City Boutique (香港海港城店)

- Four optimized and expanded boutiques: Hangzhou MixC Boutique (杭州萬象城店) (expanded), Guangzhou TaiKoo Hui Boutique (廣州太古匯店) (expanded), Wuhan World Trade Tower Boutique (武漢世貿廣場店) (location optimized and expanded), Chengdu IFS Boutique (成都IFS店) (location optimized and expanded)

OUTLOOK AND PROSPECT

Moving forward, we will remain steadfast in our core values and uphold our brand positioning. We will continue to pursue product innovation, R&D, and iterative upgrades, persist in advancing brand internationalization and market globalization, and strive to establish "Laopu Gold (老鋪黃金)" as the China's top heritage gold jewelry brand with exceptional market competitiveness and rank first globally among gold brands, thereby pioneering a new era for the industry.

FINANCIAL REVIEW

For the year ended December 31, 2024, the Group's revenue increased from approximately RMB3,179.6 million in 2023 to approximately RMB8,505.6 million, representing a year-on-year increase of approximately 167.5%.

Revenue by Sales Channels

Our integrated offline and online jewelry retail structure combines both offline boutiques and online sales channels, providing customers with a seamless and consistent shopping experience. The following table sets forth a breakdown of our revenue by sales channels for the years indicated:

	For the year ended December 31,							
	2024			2023			Revenue Year-on-year Changes	
	Sales	Revenue	Revenue contribution	Sales	Revenue	Revenue contribution		
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*%*
Boutiques	**8,534,769**	**7,450,333**	**87.6**	3,246,926	2,818,483	88.6	4,631,850	164.3
Online platforms	**1,260,441**	**1,055,227**	**12.4**	430,456	361,081	11.4	694,146	192.2
Total	**9,795,210**	**8,505,560**	**100.0**	3,677,382	3,179,564	100.0	5,325,996	167.5

The sales of our products is mainly through offline boutique channels. Online platforms are a powerful complement to enhance customers' shopping experience. Revenue generated from online platforms accounted for approximately 12.4% of total revenue during the Reporting Period, which remained a slightly growth.

Revenue by Product/Service Type

We generated almost all of the revenue from sales of gold jewelry products. The following table sets forth a breakdown of our revenue by product/service type for the years indicated:

	For the year ended December 31,							
	2024			2023			Revenue Year-on-year Changes	
	Sales RMB'000	Revenue RMB'000	Revenue contribution %	Sales RMB'000	Revenue RMB'000	Revenue contribution %	RMB'000	%
Gold jewelry[Note 1]	**9,787,204**	**8,498,524**	**99.9**	3,672,153	3,174,940	99.9	5,323,584	167.7
Other product/ service[Note 2]	**8,006**	**7,036**	**0.1**	5,229	4,624	0.1	2,412	52.2
Total	**9,795,210**	**8,505,560**	**100.0**	3,677,382	3,179,564	100.0	5,325,996	167.5

Notes:

1. Gold jewelry refers to pure gold jewelry and gem-set jewelry.

2. Other product/service mainly include (i) the sales of non-gold jewelry products primarily made of gemstones; and (ii) the provision of maintenance and repair services for jewelry products sold by us.

Our product portfolio includes daily wear accessories, as well as traditional Chinese handcrafts and stationeries, daily use and decorative ornaments and vessels to cater to consumers from different age groups and with diverse needs. These products exhibit a higher level of craftsmanship complexity, deeply integrating and reflecting cultural elements and aesthetic appeal, further reinforcing our brand's unique positioning and greatly satisfying consumers' all-round needs.

Profitability

During the Reporting Period, the Group's gross profit margin was basically stable at approximately 41.2%. The gross profit increased by approximately 162.9% from approximately RMB1,332.0 million for the year ended December 31, 2023 to approximately RMB3,501.2 million for the year ended December 31, 2024. The net profit increased by approximately 253.9% from approximately RMB416.3 million for the year ended December 31, 2023 to approximately RMB1,473.1 million for the year ended December 31, 2024. The increase in revenue and gross profit during the Reporting Period were mainly due to: (i) the continuous expansion of brand influence, leading to the competitive market position of the Group which resulted in a significantly increased overall revenue for existing boutiques across both online and offline channels; (ii) the continuing optimization, promotion and iteration of the Group's products which facilitated the sustained revenue growth; and (iii) as compared to the year of 2023, the Group opened seven new boutiques and optimized and expanded four boutiques which resulted in an increased revenue contribution.

Selling and Administrative Expenses and Other Expenses

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group increased by approximately 113.5% from approximately RMB579.3 million for the year ended December 31, 2023 to approximately RMB1,236.7 million for the year ended December 31, 2024. Approximately over 97% of the selling and distribution expenses were attributable to shopping mall rental, expenses and e-commerce platform transaction charges, employee costs for the sales team, depreciation and amortization, customer service operating expenses, share-based payments, transportation expenses, as well as operating consumables. The increase in the selling and distribution expenses was mainly due to (i) an increase in shopping mall rental and expenses, which was in line with the increase in sales revenue from boutiques, and also related to the expansion of our boutique channels; and (ii) an increase in staff costs as a result of the expansion of our sales team and the increase in their remuneration, which was in line with our business growth.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group increased by approximately 62.5% from approximately RMB167.6 million for the year ended December 31, 2023 to approximately RMB272.2 million for the year ended December 31, 2024, mainly due to (i) an increase in staff costs as a result of the increased number of our administrative management staff and an increase in their remuneration, which was in line with our business growth; (ii) an increase in bank charges relating to bank card settlements with customers due to the rising sales revenue; and (iii) an increase in other expenses which mainly included travel expenses, information technology costs, other taxes, transportation and miscellaneous charges and others.

Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group increased by approximately 78.8% from approximately RMB10.7 million for the year ended December 31, 2023 to approximately RMB19.2 million for the year ended December 31, 2024. Relying on the high-dimensional intellectual capital investment of the research and development team, the Group has built an extremely strong product research and development capability. The research and development expenses were mainly composed of the remuneration of the research and development personnel. The increase in the expenses was mainly due to an increase in staff costs as a result of the increased number of our research and development staff and an increase in their remuneration, which was in line with our business growth.

Other Expenses, Net

During the Reporting Period, the other expenses, net of the Group increased by approximately 218.3% from approximately RMB5.3 million for the year ended December 31, 2023 to approximately RMB16.9 million for the year ended December 31, 2024, mainly due to an increase in credit impairment and an increase in the disposal of assets of expanded boutiques, which were in line with our business growth.

The following table sets forth a breakdown of our expenses for the years indicated:

	For the year ended December 31,			
	2024	2023	Year-on-year Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Selling and distribution expenses	**1,236,743**	579,347	657,396	113.5
Administrative expenses	**272,235**	167,571	104,664	62.5
Research and development expenses	**19,163**	10,720	8,443	78.8
Other expenses, net	**16,929**	5,318	11,611	218.3
Total	**1,545,070**	762,956	782,114	102.5

Income Tax Expense

We are subject to income tax on an entity basis on profits generated in or derived from the jurisdictions in which members of our Group reside and operate. During the Reporting Period, our income tax expense was approximately RMB473.4 million, while the income tax expense we incurred for the year of 2023 was approximately RMB137.2 million, due to the increase of our profit before income tax expense. Our effective tax rate decreased from approximately 24.8% in 2023 to approximately 24.3% in 2024. For details of the calculation of income tax, please refer to "Note 10 Income Tax" in the consolidated financial statements on page 115 of this annual report.

Non-IFRS Financial Measure Adjusted Net Profit

To supplement our financial information which are presented in accordance with IFRS Accounting Standards, we use non-IFRS adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that this non-IFRS measure facilitates comparisons of results of operations from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated operating performance in the same manner as they help our management. However, our presentation of non-IFRS adjusted net profit may not be comparable to a similarly titled financial measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The non-IFRS adjusted net profit has not been calculated in accordance with the IFRS Accounting Standards, thus it is deemed as non-IFRS financial indicator. The non-IFRS adjusted net profit refers to the net profit after excluding share-based payment, while the non-IFRS adjusted net profit margin refers to the non-IFRS adjusted net profit divided by revenue. The following table sets out the reconciliation of non-IFRS financial indicators of the Company for the respective years.

	Year ended December 31, 2024 *(RMB'000)*	Year ended December 31, 2023 *(RMB'000)*
Profit for the year	**1,473,106**	416,302
Adjustments		
Share-based payment	**28,626**	8,633
Non-IFRS adjusted net profit	**1,501,732**	424,935
Non-IFRS adjusted net profit margin	**17.7%**	13.4%

The management is of the view that share-based payment expenses are non-cash items, which do not directly reflect our business operation. Hence, through eliminating the effects of such items on calculation of non-IFRS adjusted net profit, relevant operating performance can be better reflected, and it would be more convenient to compare operating performance in different years.

Current Assets, Financial Resources and Gearing Ratio

In 2024, the Group adopted conservative and stable fund management and financial policies with regard to its overall business operations. The Group maintained the following resources to meet its working capital requirements:

Inventories

Our inventories primarily comprise raw materials, work-in-progress jewelry products, finished jewelry goods. Our inventories increased from approximately RMB1,267.9 million as of December 31, 2023 to approximately RMB4,087.8 million as of December 31, 2024, representing an increase of approximately 222.4% as compared to the year of 2023, which was primarily due to the increase in product inventories to meet with the performance growth of the Company, stock preparation for the peak season, the products demand for new store openings and boutique expansions. Inventory turnover days decreased from 205 days in 2023 to 195 days in 2024.

Trade Receivables

Our trade receivables mainly represent receivables from shopping malls. Certain shopping malls collect consumers' payments on behalf of the Company and then pay the amount back to the Company after deducting their fees, thus constituting our trade receivables. Our trade receivables increased from approximately RMB376.3 million as of December 31, 2023 to approximately RMB801.2 million as of December 31, 2024. Trade receivables turnover days amounted to 25 days in 2024, which was in line with our credit policy, and remained stable as compared to 28 days in 2023.

Liquidity and Financial Resources

Cash and Cash Equivalents

Our cash and cash equivalents primarily comprise cash at bank. Cash and cash equivalents increased from approximately RMB69.8 million as of December 31, 2023 to approximately RMB732.7 million as of December 31, 2024, which was mainly due to (1) the increase in cash inflow generated from sales collection in 2024 as compared to 2023; and (2) the net proceeds raised from the Global Offering.

The cumulative operating net cash outflow of the Group during the Reporting Period was approximately RMB1,228.5 million which was primarily due to the increase of inventories which was in line with our business growth.

The funds required for the day-to-day business of the Group were mainly funded by the operating capital and short-term borrowings are also mainly used to meet the inventory stocking capital requirements of the peak season or the newly expanded store network. The Group did not have any difficulties in repaying the loans.

We remained focus on maintaining a reasonable gearing ratio. Gearing ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. As at December 31, 2024, the gearing ratio of the Group was approximately 38.1% (as at December 31, 2023: 29.8%).

The Group has adopted a prudent financial management approach towards its currency policies. During the Reporting Period, we were on track with this approach to maintain a healthy liquidity management. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilize the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.

Bank Loans

As at December 31, 2024, the interest-bearing bank borrowings of the Group was RMB1,373.5 million (as of December 31, 2023: approximately RMB127.8 million). For details, please refer to "Note 23 Interest-bearing Bank Loans and Other Borrowings" in the consolidated financial statements on page 130 of this annual report.

Significant Investment, Major Acquisitions and Disposal

As at December 31, 2024, the Group did not hold any significant investment. The Group had no material acquisition or disposal during the year ended December 31, 2024.

Future Plans Regarding Significant Investment or Capital Assets

Except for the expansion of new offline boutiques and the establishment of new overseas companies, the Group did not have any specific plan for significant investment or capital assets.

Pledge of Assets

As at December 31, 2024, the Group had no assets pledged (as at December 31, 2023, inventories with a carrying amount of approximately RMB30 million were pledged for our bank loans).

Contingent Liabilities

As at December 31, 2024, the Group did not have any contingent liabilities.

Exchange Risk Management

Our management believes that the exchange risk of foreign currency is not significant as the majority of business transactions occur in Mainland China and all domestic transactions are mainly denominated in Renminbi. As of December 31, 2024, we have no foreign currency hedging policy. However, the management will monitor foreign exchange risks and consider hedging significant risk of foreign currency when necessary.

Capital Expenditure

During the Reporting Period, the capital expenditure of the Group was approximately RMB70.9 million, which was mainly for the opening of new stores and the upgrading, transformation and decoration of stores.

Human Resources, Employees and Remuneration Policies

We offer a comprehensive compensation and benefits package, including salaries, bonuses, maternity leave, and other allowances, on top of social insurance and housing provident fund contributions. For employees who work overtime, we will compensate them according to their base salary and overtime hours, and allow them to take paid leave within a reasonable period of time. We require all our department heads to reasonably allocate manpower in a way that can maximize work efficiency and avoid unnecessary overtime work so as to protect the legitimate interests of our employees. In addition, we also embrace diversity and inclusion, so all our employees enjoy equal opportunities in all respects, ranging from recruitment, training, welfare coverage, career and personal development during their time with us.

Besides, we will also continue to encourage a culture of work-life balance, in order to create a positive and comfortable work environment for our employees. Our policy is to treat all employees equally regardless of age and gender. We conduct internal assessment to ensure the fairness of employee compensation, and motivate, attract, and retain outstanding talents through equity incentive plans.

The Company maintains its well-established performance-based remuneration policy with discretionary year-end performance bonuses. Training was provided to new and existing staff to keep pace with the expansion of our store network.

As at December 31, 2024, the Group had 1,303 employees, of which 1,244 were employees in Mainland China and 59 were employees in Hong Kong and Macau.

The table below sets forth the breakdown of our employees by function as at December 31, 2024:

Function	Number	Percentage of Total Number
Administrative management	278	21%
Sales and marketing	576	44%
Production	429	33%
Research and design	20	2%
Total	1,303	100%

During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

RSU Scheme

Adoption of the RSU Scheme

On February 26, 2025, the RSU Scheme, the objectives of which are to (i) attract and retain Eligible Participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward Eligible Participants for their past contribution to the Group; (ii) encourage Eligible Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; (iii) enhance the Company's long-term remuneration incentive strategy; and (iv) to align the interests of the Eligible Participants with those of the Company and the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group, together with the Scheme Mandate Limit were passed by the EGM by way of special resolutions.

The Company will issue new H Shares, instruct the Trustee to purchase H Shares (either on-market or off-market), and/or transfer treasury Shares to the Trustee as underlying shares for the purpose of the RSU Scheme. The maximum total number of H Shares which may be issued in respect of all the Awarded Shares to be granted under the Scheme Mandate Limit is 9,477,486 H Shares, representing approximately 5.6% of the total number of issued Shares (excluding treasury Shares) of the Company as at the Adoption Date and approximately 10% of the total number of issued H Shares (excluding treasury Shares) of the Company.

For capitalized terms and details above, please refer to the circular of the Company dated February 11, 2025 (the "**Circular**") and the poll results announcement of the Company dated February 26, 2025.

Grant of Awarded Shares under the RSU Scheme

On February 26, 2025, the Company granted a total of 597,000 Awarded Shares to 27 employees of the Company (together with employees in the Second Grant, the "**Grantees**") in accordance with the terms of the RSU Scheme (the "**First Grant**").

On April 24, 2025, the Company further granted a total of 120,000 Awarded Shares to 21 employees (including HU Binbin (胡彬彬) ("**Ms. Hu**") (the spouse of SUI Wu (隋武), a supervisor of the Company)) in accordance with the terms of the RSU Scheme (the "**Second Grant**").

The grant of Awarded Shares to Ms. Hu (the "**Grant**") has been reviewed and approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules.

The Grant would not result in the Shares issued and to be issued in respect of all awards granted to Ms. Hu in the 12-month period up to and including the date of the Grant representing in aggregate over 0.1% of the issued Shares (excluding treasury Shares). As such, the Grant will not be subject to approval by the Shareholders pursuant to Rule 17.04(4) of the Listing Rules.

To the best knowledge of the Directors, as at the date of this annual report, save as disclosed above, none of the Grantees is (i) a Director, Supervisor, chief executive or substantial shareholder, or an associate of any of them; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under the Listing Rules; or (iii) a related entity participant or service provider. No financial assistance has been or will be provided by the Company to the Grantees for the purchase of Awarded Shares under the RSU Scheme.

Following the grants of the above Awarded Shares, 8,760,486 H Shares underlying the Awarded Shares are available for future grant under the RSU Scheme.

For capitalized terms and details above, please refer to the Circular and the announcements of the Company dated February 26, 2025 and April 24, 2025.

Proposed Implementation of the H Share Full Circulation by the Company

On March 7, 2025, the CSRC issued a Filing Notice in respect of the H Share Full Circulation. According to the Filing Notice, the filing with the CSRC in relation to the H Share Full Circulation, in respect of the conversion of 40,388,900 Unlisted Shares held by three shareholders of the Company into 40,388,900 H shares (the "**Conversion**") has been completed. On April 1, 2025, the Company obtained the Stock Exchange's approval for the listing of, and permission to deal in, such H Shares on the Main Board of the Stock Exchange. On April 3, 2025, the Conversion had been completed and the listing of converted H Shares commenced on the Stock Exchange on April 7, 2025. For capitalized terms and details above, please refer to the announcements of the Company dated March 7, 2025, April 1, 2025 and April 3, 2025.

Save as disclosed in this annual report and as at the date of this annual report, there were no significant events occurred after the Reporting Period that require additional disclosure or adjustments.

Biographies of Directors, Supervisors and Senior Management

The biographical details of the Directors, Supervisors and senior management are set out as follows:

EXECUTIVE DIRECTORS

Mr. XU Gaoming (徐高明) is the founder, executive Director, chairman of the Board, general manager and director of product research and development of our Company. He has been our Director, general manager and the director of R&D department since December 2016, and has served as the chairman of our Board since November 2019, respectively. He was re-designated as an executive Director and appointed as the chairman of the Board of our Company on November 9, 2023. He is primarily responsible for the overall management, daily operation, Board-related works and the research and development of products of our Company.

Mr. Xu founded Golden Treasury in June 2004, a company principally engaged in gold jewelry and ornaments business, and acted as the general manager of Golden Treasury from June 2004 to December 2018 and led its R&D activities from June 2004 to December 2016. He founded Stationery Culture in July 2012, a company principally engaged in stationery culture products, antique products and jewelry business and currently focused on the retail business of furniture, four treasures of study (文房四寶) and calligraphy and painting, and acted as the general manager of Stationery Culture from July 2012 to September 2017 and led its R&D activities from July 2012 to December 2016.

Prior to founding our Group, Mr. Xu joined Yueyang Hongqiao Travel Investment Management Co., Ltd. (岳陽市紅喬旅遊投資管理有限公司) ("Yueyang Hongqiao"), a company principally engaged in tourism investment and development, in July 1995, where he acted as the general manager until July 2017. He acted as the general manager of The Aquatic Products Building of Yueyang Livestock and Aquatic Products Bureau (岳陽市畜牧水產局水產大樓) from January 1992 to December 1993. He served as a staff member at Yueyang Livestock and Aquatic Products Bureau (岳陽市畜牧水產局) from August 1984 to December 1991.

Mr. Xu graduated with an associate degree in freshwater fisheries specialty from Huazhong Agricultural University (華中農業大學) in the PRC in June 1988 through correspondence education (函授課程).

Mr. FENG Jianjun (馮建軍) is an executive Director and vice general manager of our Company. He has been our Director since November 2019 and vice general manager of our Company since January 2017, respectively. Mr. Feng was re-designated as an executive Director on November 9, 2023. He is primarily responsible for market expansion of our Company.

Mr. Feng was responsible for enterprise management related work of Golden Treasury from January 2006 to December 2016. Mr. Feng was also responsible for enterprise management related work of Yueyang Hongqiao from October 1998 to December 2005. He worked at Yueyang Zhongxiang Kangshen Pharmaceutical (岳陽中湘康神藥業集團有限公司), a company principally engaged in pharmaceutical production, in his early years.

Mr. Feng received his bachelor's degree in enterprise management from University of Xiangtan (湘潭大學) in the PRC in June 1989.

Mr. XU Rui (徐鋭) is an executive Director and general manager of the business department of our Company. He has been our Director since November 2019 and general manager of the business department of our Company since January 2017, respectively. Mr. Xu was re-designated as an executive Director on November 9, 2023. He is primarily responsible for overall management of the business department of our Company.

Mr. Xu was responsible for business operation related work of Golden Treasury from December 2009 to December 2016. Mr. Xu was also responsible for business operation related work of Yueyang Hongqiao from March 2004 to November 2009.

Mr. Xu graduated with an associate degree in international trade from Changsha Electric Power College (長沙電力學院) (currently known as Changsha University of Science and Technology (長沙理工大學)) in the PRC in June 2002.

Mr. JIANG Xia (蔣霞) is an executive Director of our Company. He has been the director of the quality inspection department of our Company since February 2018. Further, he has been a supervisor of Yueyang Laopu since March 2018. Mr. Jiang was appointed as an executive Director on November 9, 2023 (effective upon Listing Date). He is primarily responsible for overall management of the quality inspection department of our Company.

Prior to joining our Company, Mr. Jiang was responsible for product management and quality inspection related work of Golden Treasury from August 2005 to February 2018. He was responsible for procurement related work of Yueyang Hongqiao from August 1995 to July 2005.

Mr. Jiang graduated with a major in business administration from Wuhan Institute of Chemical Technology (武漢化工學院) (currently known as Wuhan Institute of Technology (武漢工程大學)) through correspondence education (函授課程) in July 2002. He has been a senior standardization management engineer certified by Beijing Adult Education Association Training Center (北京市成人教育學會培訓中心) since March 2021. Mr. Jiang has also been a precious metal jewelry and gemstone inspector certified by the Jewelry Vocational Skills Appraisal and Guidance Center (珠寶首飾職業技能鑒定指導中心) since July 2021 and National Gemstone Testing Center ("NGTC") Diamond Grader certified by the NGTC since June 2021, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SUN Yijun (孫亦軍) was appointed as an independent non-executive Director on October 16, 2023. He is primarily responsible for providing independent advice and judgment to the Board.

Mr. Sun has over 20 years of experience in research, sales and client management in the electronic industry. From January 2003 to August 2004, he worked at Beijing Rosenberger Electronics Co., Ltd. (北京羅森伯格電子有限公司). From September 2004 to October 2010, he worked at Qorvo (Beijing) Co., Ltd. (威訊聯合半導體（北京）有限公司) (formerly known as RFMD (Beijing) Co., Ltd.). Mr. Sun has served as the general manager and a director of Vanchip (Tianjin) Technology Co., Ltd. (唯捷創芯（天津）電子技術股份有限公司) (whose shares are listed on the Shanghai Stock Exchange (stock code: 688153)) since October 2010 and June 2015, respectively.

Mr. Sun received his bachelor's degree in electronic engineering from University of Electronic Science and Technology of China (電子科技大學) in July 1990. He received his MBA from Tsinghua University in July 1999.

Dr. HE Yurun (何玉潤) was appointed as an independent non-executive Director on October 30, 2023. She is primarily responsible for providing independent advice and judgment to the Board.

Dr. He has over 20 years of experience in accounting, internal control and corporate governance. She was selected as one of the "National Accounting Academic Leading Talents" ("全國會計學術領軍人才") by the Ministry of Finance and completed the project classes in December 2012. Since February 2022, she has successively served as the divisional director of planning and finance department, and the dean of the business school of Beijing Technology and Business University (北京工商大學). She has been a professor and a supervisor of doctoral students of Beijing Technology and Business University since January 2016 and April 2017, respectively. Further, she was awarded as "Beijing Youth Teaching Master in 2019" ("2019年北京市青年教學名師") in January 2020, "Beijing Great Wall Scholar" ("北京市長城學者") in December 2018, "Specialist in the supervision of education funding" ("教育經費監管專家") by the Ministry of Education in July 2021 and she has been a senior member of Chinese Institute of Certified Public Accountants since December 2021. She is currently a member of the 17th Haidian District People's Congress in Beijing.

From March 2021 to April 2024, Dr. He has served as an independent director of Baolingbao Biology Co., Ltd. (保齡寶生物股份有限公司), a manufacturer of corn-based health and food ingredients whose shares are listed on the Shenzhen Stock Exchange (stock code: 002286).

Dr. He received her bachelor's degree in accounting from Xi'an Shiyou Institute (西安石油學院) (currently known as Xi'an Shiyou University (西安石油大學)) in July 1997. She received her master's degree in enterprise management from Xi'an Shiyou Institute (西安石油學院) in July 2001. She further received her doctor's degree in accounting from Renmin University of China (中國人民大學) in June 2005. Since October 2004, she has been a Certified Public Accountant registered in the PRC. She has published over 30 articles in important domestic journals such as "Management World", "Finance & Trade Economics", "Nankai Management Review", "Accounting Research", and "Tax Research".

Mr. SEE Tak Wah (施德華) was appointed as an independent non-executive Director on November 9, 2023 (effective upon Listing Date). He is primarily responsible for providing independent advice and judgment to the Board.

Mr. See has over 34 years of experience in financial and general management. He held the positions of pricing analyst, balance sheet accountant, revenue and cost accountant and treasury planning specialist in IBM New Zealand Limited during the period between November 1987 and May 1990. He worked at Mobil Oil Hong Kong Limited from July 1990 to June 1992 in which he held the positions of MIS Accountant, System/MIS Accountant and Accountant Operations. He later joined Nokia Mobile Phones (H.K.) Ltd. in July 1992, and worked as the regional business controller of Asia Pacific until October 1995. He was then promoted to the managing director cum China & Far East until he left in December 1997. From January 1998 to March 1999, Mr. See was the general manager of the North Asia offices of Philips Consumer Communication Hong Kong Limited. From March 1999 to June 2000, he worked as the general manager of the North Asia offices of Siemens Ltd. Hong Kong. Mr. See currently runs his own boutique management consultancy practice, Excello Partnership Asia Limited.

Mr. See has been and is currently serving as an independent non-executive director of Tesson Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01201), since January 2017. He has been and is currently serving as an independent non-executive director of Lever Style Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 01346), since October 2019.

From August 2020 to July 2021, Mr. See served as an independent non-executive director of Enviro Energy International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01102). From January 2010 to September 2019, he served as an independent non-executive director of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01938). From August 2004 to September 2016, he served as an independent non-executive director of Sino ICT Holdings Limited (formerly known as Unisplendour Technology (Holdings) Limited and Sun East Technology (Holdings) Limited, respectively), a company listed on the Main Board of the Stock Exchange (stock code: 0365).

Mr. See graduated from the Waikato University in New Zealand with first class honors in Bachelor of Management Studies in April 1988. He has been a member of the Institute of Chartered Accountants of New Zealand since May 1990, a member of the Hong Kong Institute of Certified Public Accountants since January 1991 and a fellow member of the Hong Kong Institute of Directors since February 2006.

SUPERVISORY COMMITTEE

Ms. PENG Liuhua (彭柳華) has been the employee representative of our Company since November 2019 and chairperson of our Supervisory Committee since September 2021, respectively. She is primarily responsible for presiding the work of the Supervisory Committee, supervising and providing independent advice to our Board.

Ms. Peng joined Golden Treasury in January 2005 and was responsible for administrative management related work of Golden Treasury until December 2011. She then worked at Stationery Culture from January 2012 to January 2018 where she was also responsible for administrative management related work. She served as the administrative director of our Company since January 2018.

Ms. Peng graduated from Yueyang Xiangbei Women's Vocational School (岳陽市湘北女子職業學校) with a major in tourism hotel service in June 1999. She has been a safety evaluator certified by Tianjin Human Resources and Social Security Bureau (天津市人力資源和社會保障局) since June 2019.

Ms. XIAO Yanhui (肖豔輝) has been a supervisor of our Company since November 2019. She is primarily responsible for supervising and providing independent advice to our Board.

Ms. Xiao joined Golden Treasury in January 2006, and was responsible for financial audit related work of Golden Treasury until February 2017. She has been serving as the auditing director of our Company since March 2017.

Ms. Xiao graduated with a part-time associate diploma (專科學歷) in business administration from Central Radio and TV University (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) in July 2006. She received her bachelor diploma (本科學歷) in business administration from Beijing Normal University (北京師範大學) through online courses in July 2021. She has been a safety evaluator certified by Tianjin Human Resources and Social Security Bureau (天津市人力資源和社會保障局) since June 2019.

Mr. SUI Wu (隋武) has been a supervisor of our Company since September 2021. He is primarily responsible for supervising and providing independent advice to our Board.

Prior to joining our Group, Mr. Sui was responsible for financial related work of Golden Treasury from November 2011 to December 2016. He then served as the finance manager of our Company from January 2017 to November 2019. He has been serving as the senior finance manager of our Company since November 2019.

Mr. Sui received his bachelor's degree in accounting from Hunan Institute of Science and Technology (湖南理工學院) in July 2010.

SENIOR MANAGEMENT

Mr. XU Gaoming (徐高明), see "– Board of Directors – Executive Directors" in this section for details.

Mr. FENG Jianjun (馮建軍), see "– Board of Directors – Executive Directors" in this section for details.

Ms. LI Jia (李佳), has been our chief financial officer and vice general manager since November 2019. Ms. Li joined our Group in May 2017 as the general manger of our financial department until November 2019. She is responsible for financial management and capital planning functions of our Group.

Ms. Li has extensive experience in financial management. Prior to joining our Group, from July 2003 to June 2004, she worked as a manager of Beijing Gaode Heqin Investment Consulting Co., Ltd. (北京高德和勤投資顧問有限公司). From July 2004 to July 2006, she worked as a manager of Beijing Gaode Yueqin Accounting Firm (北京高德悦勤會計師事務所). From August 2006 to February 2007, Ms. Li worked in Beijing Branch of Deloitte Touche Tohmatsu (德勤華永會計師事務所北京分所). From March 2007 to January 2008, she worked in JFU Consultants (Beijing) Limited (傅子剛(北京)諮詢有限公司). From February 2008 to May 2015, Ms. Li worked in Beijing Branch of Deloitte Touche Tohmatsu and her last position is senior manager of the tax and business consultation department. She then worked in the Beijing Branch of Shanghai Deloitte Tax Ltd. (上海德勤稅務師事務所有限公司北京分所) from June 2015 to April 2017 and her last position is director of the tax and business consultation department.

Ms. Li received her bachelor's degree in international economics from University of International Business and Economics (對外經濟貿易大學) in July 2001.

Ms. ZHOU Yajie (周雅潔), has been our vice general manager since December 2024. She is in charge of our marketing department and managing our operations in the East China region.

Ms. Zhou has dedicated 15 years to the consumer goods industry, where she is well-versed in industrial operations and talent management. She boasts extensive experience in primary and secondary market investment and financing, mergers and acquisitions, as well as entrepreneurial ventures. She possesses profound insights into branding, new marketing strategies, new sales channels, consumer experiences, and globalization.

Ms. Zhou obtained her bachelor's degree in management from Xiamen University (廈門大學) in 2007 and her Master's degree in management from Tongji University (同濟大學) in 2010. Currently, she is pursuing an executive master of business administration (EMBA) degree at Cheung Kong Graduate School of Business (長江商學院).

Report of Directors

The board (the "Board") of directors (the "Directors") of the Company is pleased to present its report together with the audited consolidated financial statements of the Company for the year ended December 31, 2024.

PRINCIPAL BUSINESS

Founded in 2009, we are the top heritage gold jewelry brand in China to promote the concept of heritage gold. It reshapes the landscape of China's gold jewelry market.

We specialize in heritage gold jewelry, offering three major product lines including "heritage gold jewelry, stationary ornaments and daily use vessels". The Company's operations encompass "independent product design and development, manufacturing, and omni-channel retailing".

We adopt a self-operation model for offline stores. As of December 31, 2024, we self-operated a total of 36 boutiques in 15 cities, all of which were located in 26 reputable commercial centers with stringent entry requirements, including five in SKP malls and 11 in MixC malls (萬象城).

We consistently lead industry trends, ushering in a new era for the gold jewelry industry. We introduced diamond-inlaid pure gold jewelry first in 2019 and apply heat treatment of enamels (燒藍) to pure gold products first in 2022, significantly driving product upgrades and high-quality development in China's gold jewelry industry. As of December 31, 2024, we created nearly 2,000 original product designs and had 249 domestic patents, 1,314 work copyrights and 228 overseas patents.

We are positioned as a premium Chinese brand specializing in heritage gold, consistently focusing on our positioning of "heritage gold" and adhering to a concentrated brand strategy. We have not only established a consumer consensus as "China's leading brand in heritage gold jewelry industry", but have also emerged as a high-end Chinese brand competing directly with international luxury brands. We achieved an average sales amount of approximately RMB328 million per shopping mall in 2024. According to Frost & Sullivan, in the year of 2024, among all reputable jewelry brands (including both international and domestic jewelry brands), we ranked first in Mainland China in terms of average revenue per shopping mall and revenue per available square meter.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated financial statements on pages 82 to 146 of this annual report.

DIVIDENDS DISTRIBUTION

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make.

The Board recommends the payment of a final dividend of RMB6.35 per share for the year ended December 31, 2024 (2023: nil). This final dividend is still subject to the approval of the Company's shareholders at the upcoming annual general meeting (the "Annual General Meeting") to be held on Tuesday, May 20, 2025. This final dividend is expected to be paid on Wednesday, July 2, 2025 to shareholders whose names appear on the register of members of the Company on Thursday, May 29, 2025. There are no arrangements under which a shareholder has waived or agreed to waive any dividends.

Based on the Company's confidence in its future development, in order to better reward investors, in respect of the dividends to be paid for the Reporting Period, the total amount of dividends to be paid was referred to 50% of the Group's undistributed profits as of December 31, 2024 by the Board. Based on the total number of issued Shares as at the date of this annual report, the total amount of dividends to be paid was approximately RMB1,070 million.

The Board has resolved to declare a final dividend of RMB6.35 per Share (tax inclusive) in cash for the year ended December 31, 2024 (2023: nil). The proposed final dividend is subject to the consideration and approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, May 20, 2025 (the "AGM"). The final dividend is payable to the Shareholders whose names are listed in the register of members of the Company on Thursday, May 29, 2025. The final dividend will be denominated and declared in RMB. The final dividend on Unlisted Shares, Hong Kong Stock Connect shares and H Share "Full Circulation" shares will be paid in RMB and on other H Shares will be paid in Hong Kong dollars. The relevant exchange rate for conversion shall be calculated by the average closing rate for converting RMB into Hong Kong dollar of the five business days prior to the date on which the dividend was declared (i.e. Tuesday, May 20, 2025) as quoted by the People's Bank of China. Once approved by the AGM, the final dividend is expected to be distributed on Wednesday, July 2, 2025.

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules and the Notice from the State Administration of Taxation on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局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)), the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes dividends to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee holder on behalf of investors who invest in the H Shares of the Company through Hong Kong Stock Connect and H Share "Full Circulation"). The non-resident enterprise Shareholders may, on their own or through an authorized agent, apply to the competent tax authorities of the Company to enjoy the tax preferential treatments under the tax treaty (arrangement) by providing information of them being the actual beneficiaries of the tax treaty (arrangement).

Pursuant to the Notice of State Administration of Taxation on Issues Relating to Administration of Levying of Individual Income Tax Upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation on June 28, 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the individual income tax rates applicable to foreign resident individual shareholders themselves vary depending on the relevant tax treaty (arrangement) between the country or region (such as Hong Kong/Macao) to which their resident status belongs and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

Pursuant to the Notice on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai-Hong Kong Stock Connect Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen-Hong Kong Stock Connect Stock Markets (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual Shareholders who invest in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. For domestic Shareholders who are securities investment funds investing in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. For domestic individual Shareholders among H Share "Full Circulation" Shareholders, the Company has the obligation to withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the final dividend.

Pursuant to the Notice on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai-Hong Kong Stock Connect Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen-Hong Kong Stock Connect Stock Markets (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic enterprise Shareholders who invest in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will not withhold or pay enterprise income tax on their behalf in the distribution of the dividends, and the domestic enterprise Shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares of the Company which have been continuously held by a domestic enterprise Shareholder for 12 months shall be exempted from enterprise income tax.

H Shareholders of the Company are recommended to consult their own tax advisers on the relevant tax impact in the relevant countries (regions) on the possession and disposal of H Shares of the Company.

The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the shareholders or any disputes over the mechanism of withholding.

TAX RELIEF AND EXEMPTION

To the best of the Company's knowledge and belief, the Company are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Tuesday, May 20, 2025. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Unlisted Share Shareholders and H Shareholders entitled to attend and vote at the AGM, the register of members of H Shares will be closed from Thursday, May 15, 2025 to Tuesday, May 20, 2025 (both days inclusive). Unlisted Share Shareholders and H Shareholders whose names appear on the register of members of the Company on Tuesday, May 20, 2025 are entitled to attend and vote at the AGM. In order to qualify for the entitlement to attend and vote at the AGM, Shareholders must lodge all transfer forms accompanied by the relevant share certificates 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 (in respect of H Shareholders), or to the Company's office at Rooms 3-6, 6/F No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, the PRC (for Unlisted Share Shareholders) by no later than 4:30 p.m. on Wednesday, May 14, 2025.

In order to determine the list of Unlisted Share Shareholders and H Shareholders who shall be entitled to obtain final dividends, subject to the approval of the Shareholders at the AGM, the register of members of the Company will be closed from Monday, May 26, 2025 to Thursday, May 29, 2025 (both days inclusive), during which period no transfer of Shares of the Company will be effected. The Company will distribute final dividends to Unlisted Share Shareholders and H Shareholders which are on the register of members of the Company on Thursday, May 29, 2025. In order to be qualified to obtain final dividends, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders), or to the Company's office at Rooms 3-6, 6/F No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, the PRC (in respect of Unlisted Share Shareholders) no later than 4:30 p.m. on Friday, May 23, 2025.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Group's business are provided in the "Management Discussion and Analysis" on pages 8 to 17 of this annual report. Description of the principal risks and uncertainties faced the Group can be found throughout this annual report. Particulars of important events affecting the Group that have occurred after December 31, 2024, if any, can also be found in the notes to the Consolidated Financial Statements.

In addition, more details regarding the Group's performance by reference to financial key performance indicators and environmental policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the "Management Discussion and Analysis" of this annual report. Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has clearly defined the role of the Board in ESG governance and strives to integrate the concept of sustainable development with the overall corporate development strategy. It has established a top-down ESG governance structure with clear responsibilities. The Board is responsible for overseeing and reviewing the overall ESG objectives, management strategies and management approaches, including identifying, evaluating, prioritizing and managing material ESG related issues. The Group conducted its first materiality assessment on ESG issues during the Reporting Period and prioritized the management and improvement of material issues. The Board reviewed and confirmed the outcomes of the materiality assessment, considered material issues as part of the formulation of the Group's overall strategy and oversaw the management and performance of these issues.

The environment policies and performance of the Group for the year ended December 31, 2024 is set out in the "Environmental, Social and Governance Report" section in this annual report.

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last four financial years are set out on page 7 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The business of the Group involves certain risks as set out in the section headed "Risk Factors" in the Prospectus. The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

- its ability to manage the growth of business and operations or implement business strategies;
- its ability to respond effectively to changes in market trends and customer preferences;
- fluctuations in prices, or any unavailability, of the raw materials;
- brand and products may be subject to counterfeiting, imitation or infringement by third parties;
- its ability to maintain optimal inventory levels; and
- risks relating to industry, business and operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As of the date of this annual report, the Group had 1,303 employees, of which 1,244 were employees in Mainland China and 59 were employees in Hong Kong and Macau. Our employees are generally remunerated by way of fixed salary. Our Group utilises an appraisal system for our employees and considers the appraisal results of individual employees in conducting their salary reviews, making promotion decisions and determining the amount of bonuses. We also maintain social insurance cover for our employees in accordance with the applicable PRC laws and the requirements of the local authorities.

Our Group recruits employees based on a number of factors such as their working experience, educational background and vacancy needs. In order to increase the overall competitiveness of our workforce and to attract and retain existing employees and strengthen their knowledge, skill level and quality, our Group places strong emphasis on the training of its employees. We provide trainings across different operational functions, including induction training for new employees, technical training, and training to enhance the employees' knowledge in safety measures when performing their duties.

We believe that our management policies, working environment, employee development opportunities and employee benefits have together contributed to good employer-employee relations and successful employee retention.

Customers

During the Reporting Period, substantially all of our customer base consisted of individual customers. We have not entered into any long-term agreements with our individual customers. We do not extend credit periods to our customers. None of these individual customers accounted for more than 5% of our total revenue.

Pursuant to the cooperation with certain shopping malls, the shopping malls will collect sales proceeds for us from our customers and settle with us later. Though we receive payments from shopping malls under such arrangements, we do not regard them as our customers according to the relevant accounting policies.

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for less than 30% of the Group's total sales.

Suppliers

Our major suppliers are raw material suppliers, auxiliary material suppliers and processing service suppliers.

Our largest supplier during the Reporting Period, Beijing Gongmei Group Limited Liability Company (北京工美集團有限責任公司), is a qualified supplier of gold in the PRC and a general member of the Shanghai Gold Exchange.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for 92.6% of the Group's total purchases and purchases from the largest supplier accounted for 77.9%.

During the year ended December 31, 2024, none of the Directors or the Supervisors or any of their associates or any Shareholders (which, to the best knowledge of the Directors and Supervisors own more than 5% of the number of issued Shares of the Company) had any interest in the Company's five largest customers and suppliers.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 26 to the consolidated financial statements.

As at December 31, 2024, the issued share capital of the Company was 168,366,700 shares (of which 73,591,840 were Unlisted Shares and 94,774,860 were H Shares).

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2024 are set out on page 85 in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, pursuant to the relevant laws and regulations, the Company has distributable reserves of RMB3,494.9 million in total available for distribution. For more details, please see note 38 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company as at December 31, 2024 are set out in note 23 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in note 13 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles of Association") or the laws of the PRC that would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company (the "Shareholders").

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management are set out on pages 18 to 22 of this annual report.

Save as disclosed in the Prospectus, to the best of the Board's knowledge, information and belief, the Directors, Supervisors and senior management do not have any relationship amongst them.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

According to the Articles of Association, the terms of service of both the Directors and the Supervisors are for three years, and all Directors and Supervisors are subject to reappointment or re-election upon the expiry of their term. Each of the executive Directors, independent non-executive Directors and Supervisors has entered into a service contract with the Company, with a service term commencing from the date of appointment to the expiration of the second session of the Board (November 18, 2025).

None of the Directors or Supervisors has or is proposed to have a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as of the date of this annual report.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests and short positions of the Directors, Supervisors and chief executives 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 had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares

Name of Director	Nature of interest	Class of Shares	Number of Shares held(1)	Approximate percentage of shareholding in the class of Shares issued (%)(2)	Approximate percentage of shareholding in the total Shares issued (%)(2)
Mr. Xu Gaoming ("Mr. Xu") (3) & (4)	Beneficial owner/Interest in controlled corporations/Interest held jointly with another person	Unlisted Shares H Shares	66,055,390 45,584,410	89.76% 48.10%	39.23% 27.07%

Notes:

(1) All interests are long positions.

(2) As at December 31, 2024, the Company had issued 168,366,700 Shares in total, including 73,591,840 Unlisted Shares and 94,774,860 H Shares.

(3) As at December 31, 2024, Hongqiao Jinji directly held 56,101,300 Shares and was deemed to be interested in 9,284,900 Shares held by Tianjin Jincheng of which Hongqiao Jinji is the general partner, under the SFO. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 111,639,800 Shares, representing approximately 66.31% of the total issued share capital of our Company.

(4) As at December 31, 2024, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.

Save as disclosed above, as at December 31, 2024, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, the following persons (not being a Director, Supervisor or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held(1)	Approximate percentage of shareholding in the class of Shares issued (%)(2)	Approximate percentage of shareholding in the total Shares issued (%)(2)
Mr. Xu (3) & (4)	Beneficial owner, interest held by controlled corporations, interest held jointly with another person	Unlisted Shares H Shares	66,055,390 45,584,410	89.76% 48.10%	39.23% 27.07%
Mr. Xu Dongbo (3) & (4)	Beneficial owner, interest held by controlled corporations, interest held jointly with another person	Unlisted Shares H Shares	66,055,390 45,584,410	89.76% 48.10%	39.23% 27.07%
Hongqiao Jinji (3) & (4)	Beneficial owner, interest held by controlled corporations	Unlisted Shares H Shares	38,303,230 27,082,970	52.05% 28.58%	22.75% 16.09%
Mr. CHEN Guodong	Beneficial owner	Unlisted Shares H Shares	7,536,450 7,536,450	10.24% 7.95%	4.48% 4.48%
Tianjin Jincheng	Beneficial owner	Unlisted Shares H Shares	4,642,450 4,642,450	6.31% 4.90%	2.76% 2.76%
Huang River Investment Limited (5) ("Huang River")	Beneficial owner	H Shares	6,751,000	7.12%	4.01%
Tencent Holdings Limited ("Tencent")	Interest held by controlled corporations	H Shares	6,751,000	7.12%	4.01%

Notes:

(1) All interests are long positions.

(2) As at December 31, 2024, the Company had issued 168,366,700 Shares in total, including 73,591,840 Unlisted Shares and 94,774,860 H Shares.

(3) As at December 31, 2024, Hongqiao Jinji directly held 56,101,300 Shares and was deemed to be interested in 9,284,900 Shares held by Tianjin Jincheng of which Hongqiao Jinji is the general partner, under the SFO. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 111,639,800 Shares, representing approximately 66.31% of the total issued share capital of our Company.

(4) As at December 31, 2024, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.

(5) As at December 31, 2024, Huang River directly held 6,751,000 H Shares. Huang River is wholly-owned by Tencent. As such, under the SFO, Tencent is deemed to be interested in the equity interest held by Huang River.

Save as disclosed above, as at December 31, 2024, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

ISSUANCE OF DEBENTURES

During the year ended December 31, 2024, no issuance of debentures was made by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

To the knowledge of the Board, none of the Directors or Supervisors or their associates had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2024.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or Supervisor or an entity connected with a Director or Supervisor was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significance in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2024 or at the end of the year ended December 31, 2024.

CONTRACT OF SIGNIFICANCE

During the Reporting Period, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024 between the Company and a person other than a Director or Supervisors or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies as at the date of this annual report.

Except for such insurances, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

STAFF, EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

As of December 31, 2024, the Group had 1,303 employees, of which 1,244 were employees in Mainland China and 59 were employees in Hong Kong and Macau. Our employees are generally remunerated by way of fixed salary. Our remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. A Remuneration and Appraisal Committee was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors and the Supervisors and five highest paid individuals for the year ended December 31, 2024 are set out in note 8 and note 9 to the consolidated financial statements.

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

	No. of individuals
RMB0 to RMB1,000,000*	1
RMB1,000,001 to RMB2,000,000	0
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	0
RMB4,000,001 to RMB5,000,000	2

* This member of the senior management has been with us just for a short time.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2024.

CHARITABLE DONATIONS

The donations made by the Group during the year ended December 31, 2024 amounted to RMB1.3 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the year ended December 31, 2024, except for the Global Offering in connection with the Listing, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under the Listing Rules). As at December 31, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 33 to the consolidated financial statements. None of these related party transactions constituted a connected transaction or continuing connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

The Group has not entered into any connected transaction or continuing connected transaction which are subject to the reporting, annual review and announcement requirements under the Chapter 14A of the Listing Rules for the year ended December 31, 2024.

THE RSU SCHEME

The Company has adopted the RSU Scheme on February 26, 2025. Unless otherwise defined, capitalized terms in this section shall have the same meaning as used in the Company's circular dated February 11, 2025. The following is a summary of the principal terms of the RSU Scheme.

(a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to:

(i) attract and retain Eligible Participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward Eligible Participants for their past contribution to the Group;

(ii) encourage Eligible Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole;

(iii) enhance the Company's long-term remuneration incentive strategy; and

(iv) to align the interests of the Eligible Participants with those of the Company and the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

(b) Eligible Participants

Subject to the Scheme Rules, the Board may, from time to time, at its sole and absolute discretion select any Directors (except independent non-executive Director), supervisors and both full time and part time employees (an "Eligible Employee") for participation in the RSU Scheme as a Selected Participant, and grant an Awarded Share to any Selected Participant at such consideration and subject to such terms and conditions as the Board may in its sole and absolute discretion determine.

(c) Term of the RSU Scheme

Except for early termination as determined by the Board pursuant to the Scheme Rules, the RSU Scheme is valid for a period of 10 years starting on February 26, 2025 and no further Awarded Shares will be granted under the RSU Scheme thereafter. The RSU Scheme has a remaining life of approximately 9 years and 10 months.

(d) Grant of Awards

Subject to the Listing Rules and pursuant to the RSU Scheme, the Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than anyone determined to be an "Excluded Participant" in accordance with the RSU Scheme) for participation in the RSU Scheme as a Selected Participant, and grant an Awarded Share to any Selected Participant at such consideration and subject to such terms and conditions as the Board may in its sole and absolute discretion determine.

There is no need for a Selected Participant to pay any consideration for acceptance and purchasing of the Awarded Shares under the RSU Scheme.

(e) Vesting of Awards

The Board and/or its authorized persons may determine the vesting schedule of the Awarded Shares, including the vesting timetable and the vesting percentage, details of which shall be set out in the Grant Instrument.

The vesting period for the Awarded Shares shall not be less than 12 months. The Directors are of the view that a vesting period of no less than 12 months would allow the Group to promote long-term commitment and stability among Eligible Participants, which aligns with the purpose of the RSU Scheme.

Notwithstanding any other provisions of the RSU Scheme, subject to applicable laws and regulations, the Board and/or its authorized persons may in its sole and absolute discretion to determine that the Awarded Shares granted to an Employee Participant may be subject to a vesting period of less than 12 months in the following circumstances:

(i) Awarded Shares are grant of "make-whole" share awards to an Employee Participant who is a new joiner of the Group to replace the share awards he has been forfeited when leaving the previous employer;

(ii) Awarded Shares are granted to an Employee Participant whose employment is terminated due to death, disability or occurrence of any out of control event, in which circumstances the vesting of shares awards may accelerate;

(iii) Awarded Shares are subject to performance-based vesting conditions provided in the Grant Instrument and the Scheme Rules, in lieu of time-based vesting criteria;

(iv) Awarded Shares are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awarded Shares would have been granted;

(v) Awarded Shares are granted with a mixed or accelerated vesting schedule (such as where the Awarded Shares may vest evenly over a period of twelve (12) months); and

(vi) Awarded Shares with a total vesting and holding period of more than twelve (12) months.

If the Selected Participant fails to meet the vesting conditions applicable to the relevant Awarded Shares, unless the Board and/or its authorized persons determines otherwise, all Awarded Shares which may vest during each vesting period shall not vest and shall expire immediately and such Awarded Shares shall be lapsed and remain as part of the Trust Fund.

(f) Scheme Mandate Limit and Individual Limit

Subject to the Scheme Rules and any waiver or ruling granted by the Hong Kong Stock Exchange, the total number of H Shares which may be issued under the RSU Scheme and any other share scheme(s) adopted by the Company must not exceed 10% of the total number of issued H Shares (excluding treasury Shares) as of February 26, 2025, being 9,477,486 H Shares.

For the avoidance of doubt, under the RSU Scheme, the Scheme Mandate Limit are applicable to the grant of Awarded Shares to be satisfied by the issue of new H Shares and/or existing H Shares under the RSU Scheme, representing approximately 5.63% of the total number of issued Shares (excluding treasury Shares) of the Company as at the date of this annual report.

Subject to the Scheme Rules and any waiver or ruling granted by the Stock Exchange, no Awarded Share shall be granted to any Eligible Participant (the "Relevant Eligible Participant") if, at the time of the Grant, the number of H Shares issued and to be issued in respect of all awards and options granted to the Relevant Eligible Participant (excluding any awards or options lapsed in accordance with the terms of the Relevant Schemes) in the twelve (12) months period up to and including the Grant Date would exceed 1% of the total number of H Shares (excluding treasury Shares) in issue as at the Grant Date.

As the RSU Scheme was adopted after the end of the Reporting Period, (i) no Award has been granted, (ii) no Awards were available for grant, and (iii) no H Shares would had been issued during the Reporting Period.

USE OF NET PROCEEDS FROM THE LISTING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on June 28, 2024 (the "Listing Date"). After deducting underwriting fees, commissions and other related listing expenses, the total net proceeds of the Group's initial public offering and the full exercise of the Over-allotment Option of approximately HK$957.1 million (the "Net Proceeds") will be allocated and utilized in accordance with the intended purposes as set out in the Prospectus.

The intended and actual usage of the Net Proceeds as at December 31, 2024 are set out below:

Intended use of the Net Proceeds	Distribution of the Net Proceeds *HK$ million*	Percentage of the total Net Proceeds	Utilized amount as of December 31, 2024 *HK$ million*	Utilized amount during the Reporting Period *HK$ million*	Unutilized amount as of December 31, 2024 *HK$ million*	Intended timetable for utilization of the unutilized Net Proceeds
(i) allocated to expand sales network	701.6	73.3%	479.2	479.2	222.4	On or before December 31, 2027
(ii) allocated to maintain brand positioning and increase our brand awareness	108.2	11.3%	76.7	76.7	31.5	On or before December 31, 2027
(iii) allocated to optimize the internal information technology system and enhance the level of automation and informatization	25.8	2.7%	3.3	3.3	22.5	On or before December 31, 2027
(iv) allocated to strengthen our research and development capabilities	25.8	2.7%	0.6	0.6	25.2	On or before December 31, 2027
(v) allocated to our general working capital and general corporate purposes	95.7	10.0%	95.7	95.7	0	On or before December 31, 2027
Total	957.1	100%	655.5	655.5	301.6	

Note: The figures presented in the table are approximate values and may be affected by currency exchange rate fluctuations and rounding.

Balance of unutilized proceeds as of December 31, 2024 was approximately HK$301.6 million. The Group will utilize the Net Proceeds for the intended purposes as stated in the Prospectus. As at the date of this annual report, the Board is not aware of any material change to the plan as to the use of the Net Proceeds.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rule 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report.

AUDIT COMMITTEE

The Audit Committee of the Company, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Group's consolidated financial statements for the year ended December 31, 2024.

AUDITOR

The consolidated financial statements of the Group for the ended December 31, 2024 have been audited by Ernst & Young.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Ernst &Young as the auditor of the Company. There is no change of auditor of the Company since the Listing Date.

On behalf of the Board
Mr. Xu Gaoming
Chairman of the Board

PRC, March 31, 2025

Report of The Supervisory Committee

In 2024, the members of the Supervisory Committee of the Company have conscientiously performed their supervisory duties, actively carried out their work, attended the Board meetings and Shareholders' meetings of the Company, and effectively supervised legal compliance of the Company's operations, its financial condition and the performance of duties of the Directors and management of the Company to promote standardized operation of the Company, in strictly compliance with the applicable laws including the Company Law and the relevant requirements of the Articles of Association and the Procedural Rules of the Supervisory Committee of the Company and adhering to the principle of good faith with an attitude of being responsible for the Company and Shareholders as a whole.

WORK OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company organized and convened three meetings in accordance with relevant rules, considered and approved proposals like, amendment to Articles of Association, amendment to rules of procedure of the Supervisory Committee, profit distribution and internal control and self-assessment report, etc.

During the Reporting Period, members of the Supervisory Committee attended all the general meetings and Board meetings of the Company, at which they have proposed relevant suggestions and recommendations in a serious and responsible manner, supervised the procedures and contents of such meetings, supervised effectively the procedures for making operation decisions, legal compliance of the operations and the financial condition of the Company as well as performance of the Directors and management in daily operations of the Company. The reasonable suggestions and recommendations proposed by them were adopted by the Company to better protect the legal interests of the Company and its shareholders.

INDEPENDENT OPINIONS ON RELEVANT MATTERS OF THE COMPANY DURING THE REPORTING PERIOD

Opinions of the Supervisory Committee on legal compliance of the Company's operation

The Supervisory Committee has supervised the implementation of all Board, general/shareholders' meetings convened during this year. The Supervisory Committee is of the view that during this year, the Board and senior management of the Company have operated in strict compliance with relevant laws, regulations, and the Articles of Association, implemented all resolutions passed at general/shareholders' meetings, operated under standardized procedures with lawful decision-making procedures and a sound internal control system. The Directors and senior management have fulfilled their duties with due diligence, and there was no violation of laws, regulations, the Articles of Association or any act that infringed upon the rights and interests of shareholders.

Opinions of the Supervisory Committee on the financial performance of the Company

The Supervisory Committee has conducted rigorous supervision, inspection, and review of the Company's financial status and financial management system in 2024, and is of the view that the Company maintains a well-established financial management system with sound institutional frameworks and standardized operational procedures, demonstrating sound financial position. The auditor's report with standard unqualified opinion issued by Ernst & Young gives a true and fair view of the Company's financial condition and operating results in 2024.

By Order of the Supervisory Committee
Chairperson of the Supervisory Committee
PENG Liuhua
March 31, 2025

Report of Independent Non-executive Directors

As the independent non-executive Directors of the Company, according to the requirements of the Listing Rules, the Company Law and other relevant laws and regulations, as well as the Articles of Association, the terms of reference for Independent Non-executive Directors and other rules, we remained diligent and responsible in our work in 2024, earnestly performed our duties as independent non-executive Directors, kept abreast of the production and operation information and development status of the Company, actively attended relevant meetings, carefully reviewed the relevant resolutions of the Board, and effectively protected the legitimate rights and interests of the Company and its shareholders.

Our performance of duties as independent non-executive Directors in 2024 is reported as follows.

BASIC INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Currently, the Company has three independent non-executive Directors, and is compliant with the requirements on the minimum number of independent non-executive Directors under the Listing Rules. Given their financial and business management backgrounds as well as the related experience of these independent non-executive Directors, it is believed that they have relevant experience and qualifications as required for the performance of their duties.

PERFORMANCE OF DUTIES DURING THE YEAR

Attendance of meetings of the Board and Shareholders' general meetings

In 2024, we actively attended shareholders' general meetings and meetings of the Board, and had not raised any objection to the resolutions proposed at such meetings. At the shareholders' general meetings, we listened carefully to the questions and opinions raised by the participating shareholders on the operation of the Company, and paid attention to the voting for the resolutions concerning the legitimate interests of the minority shareholders and their subsequent implementation. At the meetings of the Board, we carefully considered each proposal and ensured that the voting for the resolutions complied with the principles of independence, fairness and objectivity with a view to safeguarding the continuous healthy development of the Company.

Operation of the special committees under the Board

The Board of the Company has four special committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. These committees are authorized to discuss and study in depth the major matters related to the development of the Company within the scope of responsibilities in accordance with respective detailed terms of reference. On the meetings of the professional committees of the Board, leveraging the advantages of professional strengths, we provide professional advice in respect of the key issues over the areas such as strategies, finance and human resources affairs of the Company. This serves as an important support for the Board to perform efficient decision-making.

INVESTIGATIONS OF THE COMPANY

In 2024, we paid close attention to the operations, financial conditions, the establishment and implementation of internal control systems, and the implementation of Board resolutions. We conducted on-site inspections of the Company while attending meetings and at other times, and maintained timely communications with the Chairperson of the Supervisory Committee and other senior management of the Company through calls and emails to stay informed of the ordinary operations of the Company. Moreover, We remained vigilant of the impact of external environment and market changes on the Company, closely followed media and online reports concerning the Company, kept abreast of the progress of significant matters of the Company, understood the operations of the Company and proposed reasonable suggestions to support the Company's development.

EFFORTS IN PROTECTING SHAREHOLDERS' RIGHTS AND INTERESTS

We have effectively performed our duties as independent non-executive Directors, maintained close communication with the management and relevant personnel of the Company, and closely monitored the ordinary operations and internal control practices of the Company. For significant matters subject to the review and decision by the Board, we required the Company to provide relevant information in advance for careful review, and made inquiries to the relevant departments and personnel of the Company when necessary. On this basis, we exercised our voting rights in an independent, objective and prudent manner based on our professional expertise to enhance the science-based and objective decision-making of the Board.

PARTICIPATION IN TRAINING AND EDUCATION

Since assuming our roles as independent non-executive Directors, we have placed great emphasis on strengthening our own learning and deepening our understanding of the latest laws, regulations and relevant rules, especially the learning and understanding of relevant regulations governing corporate governance structures and the protection of the rights and interests of the public shareholders. By consistently enhancing the capabilities to perform our duties, we have been able to offer more insightful opinions and suggestions for the scientific decision-making and risk prevention of the Company, thereby contributing to the further standardized operations of the Company.

OTHER MATTERS DURING THE 2024 TERM

No proposals were made by the independent non-executive Directors to convene Board meetings;

No proposals were made by the independent non-executive Directors to appoint or dismiss the accounting firm;

No proposals were made by the independent non-executive Directors to engage external audit or consulting agencies.

We believe the Company has fully supported the work of independent non-executive Directors and fully respected the independent judgment of independent non-executive Directors in the processes of major decision-making.

The above is our report on the performance of our duties in 2024. In 2025, we will continue to perform our duties with due diligence and dedication in accordance with the requirements of applicable laws and regulations and relevant rules for independent non-executive Directors. Drawing on our professional knowledge and experience, we will contribute more constructive opinions or suggestions for the Company's development and express independent, objective and prudent opinions on the resolutions of the Board to further enhance the scientific decision-making of the Company and effectively protect the legitimate rights and interests of the Company and its shareholders.

Corporate Governance Report

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Company's Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions set out in the CG Code as its own code of corporate governance. From the Listing Date to the date of this annual report, the Company has complied with all code provisions set out in the CG Code, except for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, Mr. Xu is our chairman of the Board and general manager of our Company. With extensive experience in the jewelry industry and having served in our Company since its establishment, Mr. Xu is in charge of the overall corporate and business strategies of our Group. Our Board considers that vesting the roles of chairman of the Board and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Since the Listing, our Board comprises four executive Directors (including Mr. Xu) and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Code provision C.5.1 of the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. As the Company was only listed on the Stock Exchange on June 28, 2024, one regular Board meeting was held during the period from the Listing Date to December 31, 2024. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

Code provision D.3.3 of the CG Code stipulates that members of the Audit Committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the auditors. As the Company was only listed on the Stock Exchange on June 28, 2024, one Audit Committee meeting was held during the period from the Listing Date to December 31, 2024. The Company will continue to convene at least two regular meetings in each financial year at approximately semi-annually intervals in accordance with code provision D.3.3 of the CG Code.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest 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.

Board Composition

The Board currently comprises seven Directors, consisting of four executive Directors and three independent non-executive Directors. The current members of the Board of the Company are listed as follows:

Name	Position in the Company
Directors	
Mr. XU Gaoming	Chairman and executive Director
Mr. FENG Jianjun	Executive Director
Mr. XU Rui	Executive Director
Mr. JIANG Xia	Executive Director
Mr. SUN Yijun	Independent Non-executive Director
Dr. HE Yurun	Independent Non-executive Director
Mr. SEE Tak Wah	Independent Non-executive Director

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors is set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

Save as disclosed in the Prospectus, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board.

Chairman and Chief Executive Officer/General Manager

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairman and Chief Executive Officer of the Company are held by Mr. XU Gaoming.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board; (ii) Mr. XU Gaoming and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Mr. XU Gaoming is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Independent Non-Executive Directors

Since the Listing Date to the date of this annual report, the Board at all times met 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 and remain so as of the date of this annual report.

Appointment and Re-election of Directors

Each executive Director has entered into service contract with the Company. According to the service contract, the term of office of each executive Director shall commence from the date of appointment until the expiry (November 18, 2025) of the term of office of the second session of the Board of Directors, and it may be terminated in accordance with the respective terms.

Each independent non-executive Director has entered into the appointment letter with the Company. According to the appointment letter, the term of office of each independent non-executive Director shall commence from the date of appointment until the expiry (November 18, 2025) of the term of office of the second session of the Board of Directors.

Pursuant to the Articles of Association, the term of office for Directors is three years, and shall be subject to retirement by rotation once every three years.

Pursuant to the Articles of Association, Directors are elected by the general meeting and serve a term of three years, with eligibility for re-election and rotation upon expiration of their term. If the re-election of Directors fails to be carried out in a timely manner upon the expiration of their term of office, the original Directors shall, before the newly elected Directors assume their positions, still perform their duties as Directors in accordance with the provisions of laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed, and this Articles of Association. If the resignation of Directors causes the number of members of the Company's Board of Directors to be lower than the statutory minimum number, or if the resignation of an independent non-executive Director results in the number of independent non-executive Directors being less than one-third of the members of the Board of Directors or there being no accounting professional among the independent non-executive Directors, the resignation report of such Director shall only become effective after the next Director fills the vacancy caused by his/her resignation. In the above circumstances, before the newly elected Directors assume their positions, the original Directors shall still perform their duties as Directors in accordance with the provisions of laws, administrative regulations, departmental rules, and this Articles of Association. Except for the above-mentioned circumstances, the resignation of Directors shall become effective when the resignation report is delivered to the Board of Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

All executive Directors and 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 decisions on 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. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the senior management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

The Company has arranged appropriate insurance coverage on Directors' and senior management's liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

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 has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate 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. Such induction shall be supplemented by visits to the Company's key production and operation premises and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2024, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices for their reference and studying.

The training records of the Directors for the year ended December 31, 2024 are summarized as follows:

Name of Directors	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
Executive Directors		
Mr. XU Gaoming	✓	✓
Mr. FENG Jianjun	✓	✓
Mr. XU Rui	✓	✓
Mr. JIANG Xia	✓	✓
Independent non-executive Directors		
Mr. SUN Yijun	✓	✓
Dr. HE Yurun	✓	✓
Mr. SEE Tak Wah	✓	✓

BOARD COMMITTEES

The Board has established four committees namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, each of which has been delegated responsibilities and reports back to the Board. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code where applicable. The terms of reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

Strategy Committee

The Strategy Committee comprises three members, including three executive Directors, namely Mr. XU Gaoming, Mr. FENG Jianjun and Mr. XU Rui. Mr. XU Gaoming is the chairman of the Strategy Committee.

The primary duties of the Strategy Committee are to make recommendations to the Board on the long-term development strategies and major investment decisions of our Group.

From the listing date to December 31, 2024, the Strategy Committee did not hold any meetings. The Board of Directors will disclose the relevant meeting details in the next annual report in accordance with the requirements of the CG Code.

Audit Committee

The Audit Committee comprises three members, including three independent non-executive Directors, namely Dr. HE Yurun, Mr. SUN Yijun and Mr. SEE Tak Wah. Dr. HE Yurun is the chairperson 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. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, provide advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

From the Listing Date to December 31, 2024, the Audit Committee held one meeting. The main matters considered by the Audit Committee include: the financial results and reports for the half year ended June 30, 2024, matters related to financial report, operation and compliance control, the effectiveness of risk management and internal control systems, the functions of internal audit, and any concerns regarding potential improper conduct.

The Audit Committee also met the external auditors once without the presence of the executive Directors and senior management during the period from the Listing Date to December 31, 2024.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee comprises three members, including two independent non-executive Directors, namely Mr. SEE Tak Wah and Dr. HE Yurun, and one executive Director, namely Mr. FENG Jianjun. Mr. SEE Tak Wah 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. The primary functions of the Remuneration and Appraisal Committee include determining or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules and other duties conferred by the Board of Directors, establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

From the Listing Date to December 31, 2024, the Remuneration and Appraisal Committee held two meetings. The main matters considered by the Remuneration and Appraisal Committee include: adjustments to the remuneration of independent non-executive Directors, the compensation plan of a proposed deputy general manager, and other related matters.

Nomination Committee

The Nomination Committee comprises three members, including two independent non-executive Directors, namely Mr. SUN Yijun and Dr. HE Yurun, and one executive Director, namely Mr. XU Gaoming. Mr. SUN Yijun 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. The principal duties of the Nomination Committee include reviewing the structure, size and diversity required of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; monitoring the implementation of diversity policy for board members, and assessing the independence of independent non-executive Directors.

From the Listing Date to December 31, 2024, the Nomination Committee held one meeting. The main matters considered by the Nomination Committee include: the proposed appointment of a deputy general manager.

Diversity Policy

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee will identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals. The Nomination Committee will determine the composition of board members based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors (in particular the Chairman of the Board of Directors and the general manager), taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future.

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the basic principles to be followed to ensure that the board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. The Nomination Committee shall review this policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

The Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting. They obtained degrees in various majors including but not limited to business administration, accounting and international trade.

The Board has both male and female representations. The Board is of the view that the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective. In particular, the Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices.

As of the date of this annual report, one out of seven of the Directors was female, and the Company has been taking and will continue to take steps to maintain that our Board will have at least one female Director. Further, the Company has been taking, and will continue to take steps to promote gender diversity at the Board and management levels.

The Company places great importance on gender diversity, with 62% of our employees being female as of December 31, 2024. The Company will (i) consider the possibility of appointing female senior management who has the necessary skills and experience; (ii) ensure that gender diversity is promoted in the Group by recruiting staff at middle to senior level; (iii) provide career development and training opportunities to our female staff whom we consider having the suitable experience, skill and knowledge of the operation and business to prepare them with the required attributes and competencies to serve as members of the Board with regards to the strategic needs and the industry in which the Company operates, such that they will be eligible for managerial and board-level positions in the future; and (iv) identify and select suitable female candidates to become the Board members and such candidates will be reviewed and recommended by the nomination committee to the Board periodically. The Company is of the view that the above measures will offer greater prospects for securing a pipeline of female candidates to achieve further gender diversity in the Board in the long run.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

From the Listing Date to the date of this annual report, the Board had reviewed the Company's policies and practices on compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

As the Company was only listed on the Stock Exchange on June 28, 2024, one regular Board meeting was held from the Listing Date to December 31, 2024. All Directors actively participated in the meeting in person or via electronic means. The Company expects to continue convening at least four regular meetings per financial year, in accordance with Code Provision C.5.1 of the CG Code, with intervals of approximately each quarter between meetings. The Board of Directors will disclose the details of such meetings in the next annual report as required by the CG Code.

The attendance records of each Director at the meetings of the Board of Directors and its committees from the Listing Date to December 31, 2024, are as follows:

	Attendance/Number of Meeting(s)					
Name of Directors	Board meeting(s)	Strategy Committee meeting(s)	Audit Committee Meeting(s)	Remuneration and Appraisal Committee meeting(s)	Nomination Committee meeting(s)	General meeting(s)
Executive Directors						
Mr. XU Gaoming	4/4	0/0	N/A	N/A	1/1	1/1
Mr. FENG Jianjun	4/4	0/0	N/A	2/2	N/A	1/1
Mr. XU Rui	4/4	0/0	N/A	N/A	N/A	1/1
Mr. JIANG Xia	4/4	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors						
Mr. SUN Yijun	4/4	N/A	1/1	N/A	1/1	1/1
Dr. HE Yurun	4/4	N/A	1/1	2/2	1/1	1/1
Mr. SEE Tak Wah	4/4	N/A	1/1	2/2	N/A	1/1

Board meetings include regular meetings and extraordinary meetings. Regular board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of a regular board meeting shall be given to all directors and supervisors at least 14 days in advance.

An extraordinary board meeting may be held by request of shareholders representing more than 10% of the voting rights or by request of no less than one-third directors or by request of the Supervisory committee. Notice of an extraordinary board meeting shall be given to all directors and supervisors at least 3 days in advance.

The Directors who attend the meetings shall confirm the minutes in an appropriate manner. Both the Chairman and the minute-taker shall sign on the minutes for confirmation. If a Director has different opinions on the minutes, he/she may attach an explanation to his/her confirmation. The minutes of the Board meeting shall be properly preserved as important files of the Company, with a retention period of over 10 years.

The Board and each Director also have separate and independent access to the senior management whenever necessary.

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 but 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 assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

At the operational level, we have established a three lines of defense model for risk management and internal control mechanisms.

The first line of defense involves us identifying a *High-Risk List* by integrating internal and external environments. The responsibility for these risks and the relevant metrics are incorporated into the KPIs of the first-in-charge of each department. Based on this, we continuously improve and strengthen our internal control rules and regulations system. Department heads ensure that the requirements of each daily control link are effectively implemented through internal training, dissemination, and self-inspection within their departments.

The second line of defense involves the Internal Control and Audit Department forming a supervision and inspection team with selected personnel. This team focuses on conducting internal oversight of critical and high-risk areas. It ensures that relevant departments implement corrective actions effectively and continuously, thereby achieving continuous self-optimization and a virtuous cycle of internal controls across all business processes.

The third line of defense involves the general manager's office conducting further oversight of the work of various departments and the Internal Control and Audit Department, ensuring the continuous and healthy operation of our operational mechanisms.

We endeavour to uphold the integrity of our business by maintaining an internal control system into our organisational structure. Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. We engaged an independent internal control consultant (the "Internal Control Consultant") to perform a review of the adequacy and effectiveness of the risk management and internal control systems over our major business processes.

The Internal Control Consultant conducted an annual internal control review (the "Internal Control Review") on, among others, control environment, risk management, information and communication, operation level controls (such as revenue, procurement, inventory, internal supervision, fixed assets, fund management, expense reimbursement, financial reporting, human resources, etc.) and internal supervision to enhance the internal control system of our Group.

We have adopted and implemented the recommendations provided by the Internal Control Consultant and the Internal Control Consultant has not identified any material findings which may have material impact on the effectiveness of our internal control system.

Based on the result of the Internal Control Review, the Board, as supported by the Audit Committee, reviewed the 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, internal audit function, adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

WHISTLEBLOWING POLICY

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee of the Company shall review such arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

INSIDE INFORMATION

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and Supervisors, and the Directors and Supervisors have confirmed that they have complied with the Model Code from the Listing Date up to the date of this annual report.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of insider information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION

The total fee paid/payable to the external auditors of the Company, Messrs. Ernst & Young, in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Category of services	Fee paid/payable *RMB'000*
Audit services	3,113
Non-audit services*	1,513
Total	4,626

*: Non-audit services include consulting services for the establishment of overseas subsidiaries, tax advisory services, assurance services for the 2024 ESG report, and review services for the 2024 interim results.

JOINT COMPANY SECRETARIES

Ms. HE Jing and Ms. LI Ching Yi are the joint company secretaries of the Company.

Ms. HE Jing, was appointed as a joint company secretary of our Company on November 9, 2023.

Ms. HE joined our Company in June 2018 and has served as our director of internal control since then. She is responsible for risk management and internal control of our Company.

Prior to joining our Company, Ms. HE has extensive experience in board and corporate management matters. From June 2010 to May 2018, she served as a deputy director of risk consulting of Deloitte Huayong Accounting Firm (Special General Partnership) (德勤華永會計師事務所(特殊普通合夥)). Ms. He served as an officer of China United Network Communications Group Co., Ltd. (中國聯合網路通信有限公司) from May 2009 to May 2010, a Chinese state-owned telecommunications operator whose shares are listed on the Stock Exchange (stock code: 762), China Netcom (Group) Co., Ltd. (中國網通(集團)有限公司) from January 2007 to April 2009, Settlement and Financial Sharing Service Center of China Netcom (Group) Co., Ltd. from October 2004 to December 2006, Beijing Branch Information Value Added Business Center of China United Network Communications Group Co., Ltd. from August 2003 to September 2004, respectively.

Ms. HE received her bachelor's degree in accounting from Capital University of Economics and Business (首都經濟貿易大學) in July 2003.

Ms. LI Ching Yi is a senior manager of the Listed & Fiduciary Corporate Services Department of Trident Corporate Services (Asia) Ltd., a global professional services firm. She has over 10 years of professional experience in company secretarial field. Ms. Li is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). Ms. LI has assisted on the Company Secretarial matters of the Company and has closely communicated with Ms. HE, who is the primary corporate contact person of our Company.

During the year ended December 31, 2024, each of Ms. HE and Ms. LI has undertaken not less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company publishes its annual report, interim report, announcements, and circulars on its website (www.lphj.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The Company also publishes the terms of reference of the committees under the Board on its website, enabling shareholders to access more corporate information via the Company's website.

Following the publication of its annual and interim results announcements, the Company will hold results briefings in a timely manner to provide shareholders with opportunities for both offline and online communications. During the results briefings, the Company will review its business and finance for the results period, and members of the Board and management of the Company will answer questions from shareholders. To enhance communication with shareholders, Mr. XU Gaoming, Chairman of the Board of the Company, has attended previous results briefings and responded to shareholders' inquiries.

The Company's AGM will provide an opportunity for shareholders of the Company to communicate with the Board. Shareholders of the Company can exchange views on matters affecting the Company, and the Board can seek and understand the opinions of shareholders. The participation of Board members in the AGM is intended to increase the interaction with shareholders. Members of the Board (especially the Chairman of the Board, the chairs of the committees under the Board or their representatives), appropriate management personnel, and the external auditors will attend the AGM to answer shareholders' questions. After the conclusion of the AGM, the voting results will be published on the Company's website (www.lphj.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The Company maintains regular and sufficient communication with market investors. The Company's Directors and management will hold various forms of meetings with institutional investors, fund managers, other shareholders, institutional analysts, etc., as appropriate. They will address shareholders' questions about the Company and regularly provide feedback on shareholders' opinions to the relevant departments within the Company.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at shareholders' meetings, including the election of Director. All resolutions put forward at shareholders' 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 Stock Exchange after each shareholders' meeting.

Procedures for Shareholders to Convene Extraordinary General Meeting

According to the Articles of Association, Shareholders who individually or jointly hold more than 10% of the Company's voting Shares at the proposed extraordinary general meeting or Shareholders' class meeting have the right to require the Board to convene an extraordinary general meeting in accordance with the following procedures:

(1) to sign one or more written requests of the same format and content to propose the Board to convene an extraordinary general meeting and state the subject matter of the meeting. The Board shall give a written reply as to whether or not it agrees to convene an extraordinary general meeting within 10 days after receiving the aforesaid written request.

(2) if the Board agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five (5) days after the adoption of the relevant board resolution. Any changes to the original requisition set out in the notice are subject to prior consent of the Shareholders concerned. The Shareholdings referred to above shall be maintained until the announcement of the shareholders' meeting resolution.

(3) if the Board does not agree to convene an extraordinary general meeting or fails to furnish any reply within ten (10) days after receiving such requisition, Shareholders individually or jointly holding 10% or more of the shares carrying the right to vote at the meeting sought to be held shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, provided that such proposal shall be made in writing. In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five (5) days after receipt of the request. Any changes to the original proposal set out in the notice are subject to prior consent of the Shareholders concerned. Failure of the Supervisory Committee to issue a notice of meeting within the prescribed time limit shall be deemed as failure of the Supervisory Committee to convene and preside over a shareholders' meeting, in which case Shareholders individually or jointly holding 10% or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the meeting.

Any reasonable expenses incurred by Shareholders or the Supervisory Committee in convening and presiding over a meeting by reason of the failure of the Board to duly convene a meeting as requested above shall be borne by the Company and shall be set off against sums owed by the Company to the Directors in default.

Procedures for Shareholders to Nominate Candidates of Directors

Written notices specifying the intention to nominate a person for election as a Director and acceptance of such nomination by such person, as well as the written information on such person, shall be sent to the Company no earlier than the day after dispatch of the notice of the shareholders' meeting and no later than seven (7) days prior to the date of such meeting. The minimum length of period during the nomination and acceptance of such nomination shall not be less than seven (7) days.

Based on this, if a Shareholder of the Company intends to propose any person for election as a Director, the following documents shall be effectively delivered to the Company's principal place of business in Hong Kong currently at 19th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong, including: (i) the signed notice of the intention to propose the candidate for election as a Director in shareholders' meeting; and (ii) the signed notice of the candidate indicating his or her willingness to accept the election, together with (a) information about the candidate required to be disclosed under Rule 13.51(2) of the Listing Rules, and (b) the written consent indicating the consent of the candidate to release his or her personal information.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Rooms 3-6, 6/F., No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, PRC (For the attention of the Board of Directors)
Email:	ir@lphj.com

For the avoidance of doubt, Shareholders 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.

Change in Constitutional Documents

The Company adopted and amended the Articles of Association on the Extraordinary General Meeting held on September 20, 2024. During the period from the Listing Date to the date of this annual report, no other changes have been made to the said Articles of Association. The Articles of Association is available on the websites of the Company and the Stock Exchange.

Dividend Policy

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. The Company does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

Environmental, Social and Governance Report

GOVERNANCE STRUCTURE

The Group is committed to fulfilling corporate social responsibilities and achieving sustainable development across all levels of its business operations.

The Board of Directors is responsible for overseeing the Environmental, Social and Governance (hereinafter referred to as "ESG") matters of the Group, as well as formulating the Group's ESG management policies and strategies, including: conducting stakeholder communication, identifying and prioritizing material issues, setting ESG management objectives, managing the effectiveness of internal controls related to ESG risks, reviewing the progress towards achieving relevant objectives and proposing improvement requirements, and conducting ESG information disclosure. As part of risk management and business review, the Board of Directors has prioritized the identification, assessment, management and oversight of the impacts of ESG-related laws and regulations on the Group, as well as the effects on various stakeholders. The Board of Directors has also strengthened ESG-related training, aiming to adopt more scientific actions to identify, mitigate, and address the ESG risks faced by the Company.

The Audit Committee is responsible for assisting the Board of Directors in overseeing the identification, assessment, response and supervision of ESG-related risks (including climate change risks) , and reviewing the effectiveness of ESG-related risk management and internal controls.

The management has established an ESG Management and Working Group as tasked with reviewing significant ESG trends, objectives, and associated risks and opportunities. This group also evaluates the adequacy and effectiveness of the Group's ESG-related measures and updates ESG policies as necessary to enhance the Group's contribution to all stakeholders.

REPORTING PRINCIPLES AND SCOPE

This Report covers the management policies and performance of the Group in terms of ESG from January 1, 2024 to December 31, 2024 (i.e., the "Reporting Period"), with some information tracing back to previous years. The group policies and data as disclosed in this Report, unless otherwise specified, encompass the Company and its subsidiaries.

This Report has been prepared in strict adherence to the reporting principles outlined in the Environmental, Social and Governance (ESG) Guide of Hong Kong Exchanges and Clearing Limited, namely materiality, quantification and consistency. Materiality: This report gives a report on the ESG issues that the board of directors has determined to have a significant impact on all stakeholders. Quantification: This report discloses relevant quantitative data in the ESG area, supplemented with explanatory text. Consistency: Unless otherwise stated, a consistent disclosure and statistical methodology is applied for each Reporting Period.

Through various channels of communication and feedback (including the corporate website, meetings, online exchanges, questionnaires, interviews and research), this Report identifies 16 priority issues to be addressed and elaborated from the perspectives of stakeholder importance (including regulatory bodies, shareholders and investors, customers, employees, suppliers and partners, the environment, and the general public) and the sustainability of the Group's business development. These issues include compliance operations and risk management, business ethics and corporate culture, product quality and customer service, employee compensation, benefits and rights protection (including labor standards), employee diversity and equal opportunities, employee occupational health and safety, employee development and training, responsible marketing, anti-corruption and anti-money laundering, customer privacy protection (including data security management), intellectual property management, supply chain management, community welfare, energy usage management, emissions management, and climate change management. This Report also separately presents the "ESG Key Performance Table" for readers to review the quantitative ESG performance of the Group.

Note: For details on the topics of compliance operations and risk management, as well as business ethics and corporate culture, please refer to the sections on the Board of Directors' Report, Board of Supervisors' Report, Corporate Governance Report, and Risk Management Report in the Annual Report.

PRODUCTS AND SERVICES

Cultural Inheritance

Promote the creative transformation and innovative development of China's outstanding traditional culture

Established in 2009, Laopu Gold is a brand certified by the China Gold Association as "the first brand in China to promote the concept of 'heritage gold jewelry' and the leading professional brand of heritage handmade gold artifacts in China".

The heritage gold crafting techniques of Laopu Gold, a legacy of imperial goldsmithing from various Chinese dynasties, primarily encompass three major crafts, i.e., "heritage casting, handcrafted goldsmithing, and handcrafted finishing". Each category includes multiple heritage gold crafting techniques, among which the "filigree and inlay" techniques were inscribed into the National Intangible Cultural Heritage List in June 2008.

Laopu Gold inherits the classic Chinese culture and the intangible cultural heritage gold craftsmanship, highlighting the differential value and cultural depth of its products in the intangible cultural heritage. It maintains the purity of the brand's thematic culture, showcasing significant brand cultural advantages and market influence within the industry, having effectively promoted the creative transformation and innovative development of China's excellent traditional culture in the industry.

Usher in a new product era for the industry

Laopu Gold commenced its heritage gold jewelry business in 2009. As a drafting unit for the group standards of "Heritage Gold Artifact" and "Heritage Gold Artifact with Diamonds" as issued by the China Gold Association, it is the first brand in the industry to introduce "diamond-inlaid pure gold jewelry", and the pioneer in launching "enamel" products. Leading the industry, it has significantly spurred the rapid surge in market demand for heritage gold jewelry. According to Frost & Sullivan, the market size of heritage gold jewelry in Mainland China was estimated at RMB13 billion in 2018, and is projected to reach approximately RMB421.4 billion by 2028, with a compound annual growth rate of 21.8%.

Laopu Gold inherits China's intangible cultural heritage gold-making craftsmanship, integrates international fashion aesthetics, insists on original product design, and is dedicated to creating high-end heritage gold jewelry with enhanced brand culture and product value. With its industry-leading high gross margin, Laopu Gold has provided a new developmental approach to break the homogenized competition within the industry, while propelling the upgrade of industry products, and inaugurating a new era of products in the industry.

Customer Services

High-quality customer service is paramount to the brand positioning of Laopu Gold. Our sales personnel offer one-on-one and personalized services, catering to the entire shopping experience from the moment customers enter the store to the final product purchase. We regularly assess the performance of our sales personnel to maintain high-quality and consistent customer services. We have established dedicated customer service representatives at our offline stores and e-commerce platforms, who are also responsible for responding to and handling customer services and product feedback. We conduct monthly reviews of the feedback submitted by our customers.

In addition, we have established a membership center that integrates professional customer services with themed scenes as inspired by classic Chinese study rooms. This setup more thoroughly showcases our classic craftsmanship, signature products, and brand thematic culture, offering consumers an immersive shopping experience. We also offer a range of after-sales services to our members, including lifetime complimentary basic care services, and cord replacement services.

Quality and Product Integrity

The Group regards quality and product integrity control as one of the cores of the product strength of Laopu Gold. Every product from Laopu Gold undergoes rigorous quality control management throughout the entire process, ranging from "design, sampling and processing" to "warehousing and shelving" and inspection from the National Jewelry Quality Supervision and Inspection Center, the certificate of which is ensured to be attached with every item stored and displayed in Mainland China. From internal management to external product certification, we provide consumers with a full range of product quality assurance. A multi-tiered and stringent quality control system ensures that we maintain our competitive edge in product excellence.

During the Reporting Period, the Group did not engage in any significant violations of laws and regulations related to product quality liability. Quantitative data pertaining to its products and services are as presented in the section titled "ESG Key Performance Table".

Intellectual Property Rights

Laopu Gold adheres to originality, while emphasizing product research, development, innovation and upgrade. The continuous optimization, introduction and iteration of our products are the driving forces behind our sustained growth. Based on our philosophy, we hold a profound respect for our own intellectual property rights as well as those of other parties, actively manage and expand our intellectual property portfolio. Quantitative data related to intellectual property rights are as presented in the section titled "ESG Key Performance Table".

Customer Privacy Protection

The Group regards data security and privacy protection as an important foundation for the stable operation of the enterprise, and strictly complies with relevant laws and regulations such as the *Cyber Security Law of the PRC, the Data Security Law of the PRC*, and the *Law of the PRC on the Protection of Personal Information*, as well as the provisions of relevant laws and regulations in Hong Kong and Macau regions, such as the *Personal Data (Privacy) Ordinance* in Hong Kong, the *Law on Network Security (No. 13/2019)* in Macau, and the *Law on the Protection of Personal Data (No. 8/2005)* in Macau. The Group continuously improves the information security management system, takes precautions against data leakage, protects the security of information and data to the greatest extent, and ensures compliance with the above-mentioned provisions when collecting, storing, using and/or processing customers' personal data.

The Group collects and retains the minimum necessary personal data of its customers in the database, contingent upon their voluntary consent in accordance with laws. The Group has implemented a series of measures to safeguard customer privacy, including registering data processing activities and adopting several measures to protect security of the data stored in our systems, such as Web Application Firewall (WAF) programs, antivirus programs, encrypted network access restrictions, two-factor authentication, and least privilege principle. We conduct an annual cybersecurity penetration test to assess the security of our IT systems. Besides, we have developed disaster recovery plans for all IT application servers, and our cloud service provider has implemented redundancy mechanisms and various other data loss protection and disaster recovery measures to ensure the security and stability of our cloud-stored data. We also employ a variety of encryption technologies to ensure data security, including full encryption of data backups and Transport Layer Security (TLS) encryption, thus effectively preventing illegal data theft or tampering, and ensuring the data authenticity and integrity.

The Group has obtained Level 2 certification for information security protection, demonstrating our capability to safeguard against various external malicious attacks and swiftly recover in the event of an attack.

Responsible Marketing

We strictly adhere to laws, regulations and national standards related to responsible marketing, including the *Advertising Law of the People's Republic of China*, the *E-Commerce Law of the People's Republic of China*, and the *National Standard of the People's Republic of China – Provisions and Naming Methods for the Purity of Precious Metals in Jewelry*, among others. We have established rigorous content review processes and mechanisms, while conducting multiple checks on product labeling and all external promotional materials to ensure that all content undergoes strict scrutiny. Our legal department also regularly conducts various forms of training to the Brand Management Department, the E-Commerce Department, the Business Department, and the Supply Chain Management Department, covering case analysis and regulatory communication and/or training, so as to further strengthen responsible marketing practices. During the Reporting Period, the Group did not encounter any disputes or complaints related to market promotion or label usage, nor were there any litigation cases arising from these matters.

ENVIRONMENTAL PROTECTION

Resource Usage

The operation premises of the Group primarily encompass commercial office buildings (offices), renowned commercial centers (stores), and economic development buildings (self-owned factories), all of which have consistently been committed to aligning with government initiatives during their production and operation, while adhering to green operations, implementing energy conservation and environmental protection measures, and reducing the usage of natural resources.

In terms of water usage, we install water-saving devices (like sensor faucets) and promote water conservation among all employees to ensure water consumption remains within reasonable limits.

In terms of electricity usage, we promote the installation of energy-saving electrical facilities, control the temperature of air conditioning in business premises, utilize timed or voice-activated devices to consume electricity as needed, closely monitor electricity consumption to ensure it remains within reasonable usage limits, actively conserve energy, as well as reduce greenhouse gas emissions.

In terms of paper usage, we actively promote the concept of paperless office operations, encourage double-sided printing of documents in the office, and reduce the usage of paper cups for reception purposes.

In terms of fuel usage, we pertain solely to gasoline consumption for office vehicles. In operations, we encourage green travel, purchase electric vehicles instead of traditional cars, and ensure that gasoline usage remains within reasonable limits.

In terms of packaging, we generally avoid plastic, and opt instead for environmentally friendly and recyclable materials to protect the environment and minimize harm to the planet.

The Group has established and strictly adhered to policies and regulations covering the conservation of resources such as water, electricity, oil and paper, and is committed to continuously reducing energy usage through concept promotion and practical measures. Quantitative data related to resource usage are as presented in the section titled "ESG Key Performance Table".

Emission Management

The primary production processes of the Group encompass heritage casting methods (wax ejecting, investment casting, core removal, sand hole repair and polishing, etc.), traditional handcrafted goldsmithing techniques (carving, embedding, heat treatment of enamels, etc.), overall surface treatment, and subsequent product processing. Since minimal pollutants may generate during these processes, we actively implement measures and actions to prevent excessive emissions and mitigate environmental damage caused thereby.

Wastewater: Water used for rinsing acidic chemicals will be properly treated and disposed of through our environmental protection equipment. Production wastewater is discharged into a wastewater collection and sedimentation tank, while domestic sewage is treated by the septic tank in the industrial park. The treated production wastewater and domestic sewage are collected together and then discharged into the sewage treatment plant through the municipal pipeline network[note 1].

Exhaust gas: We have installed exhaust gas purification devices in our factories. The organic waste gas (paraffin smoke) and gold melting dust as generated in the production process are collected by air hoods and treated by a jewelry waste gas purification device (an alkali atomization device utilizing electric mist elimination technology), then directed to the roof of the building and discharged at a height no less than 20 meters[note 2].

Noise: We are committed to eliminating or isolating noise and reducing vibrations by utilizing advanced low-noise production devices.

Non-hazardous waste: Domestic waste is collected in trash bins and subsequently gathered by the sanitation department. Our primary production wastes include discarded packaging bags, waste gypsum, and slag from sedimentation tanks. Such solid waste is stored in the comprehensive solid waste storage room. Waste gypsum is regularly collected and disposed of by specialized institutions, and discarded packaging bags and slag from sedimentation tanks are placed in the waste area of the park, which are gathered and disposed of by the sanitation department.

Hazardous waste: A small number of chemical packaging containers will generate during the usage of purification devices, and a small amount of engine oil will produce during the operation of production equipment. These containers and engine oil will be temporarily stored in the hazardous waste storage room, and then collected and handled by a third-party environmental protection company as commissioned by us.

Greenhouse gases: It solely pertains to greenhouse gas emissions resulting from the usage of gasoline in office vehicles (Scope 1) and electricity consumption for operations (Scope 2).

The Group has formulated and strictly adhered to management policies and regulations covering emissions such as wastewater, exhaust gases and solid waste, and has established monitoring and surveillance procedures to dynamically track these emissions. And the Group fully recognizes that reducing carbon emissions is one of the key national priorities for sustainable development. In this regard, we will enhance the disclosure of emission reduction information in the future, such as setting phased reduction targets and corresponding management measures. Quantitative data related to greenhouse gases and emissions are as presented in the section titled "ESG Key Performance Table".

Note 1: For the reasons mentioned above, the volume of wastewater discharge cannot be quantified at present. We will design a statistical methodology in future years to quantify and disclose this information.

Note 2: For the reasons mentioned above, the volume of waste gas emissions cannot be quantified at present. We will design a statistical methodology in future years to quantify and disclose this information.

Environment and Natural Resources

The Group is committed to minimizing the impact of its production and operations on the environmental and natural resources, and takes proactive measures and actions to reduce such impact to the greatest extent possible.

Our production process involves manufacturing of gold jewelry. Pursuant to the *Categorized Management List for Environmental Impact Assessment of Construction Projects (2021 Edition)* released by the Ministry of Environmental Protection, our production process does not produce substantial heavy pollutants, and our products are not named in the "High Pollution and High Environmental Risk" product list of the *Comprehensive Environmental Protection Catalog (2021 Edition)* released by the Ministry of Environmental Protection.

In order to implement the *Environmental Protection Law of the People's Republic of China*, we have in place a comprehensive and effective environment management policy and have formulated various policies and operating procedures to regulate and promote environment management, such as the *Environment Protection Policy* and the *Contingency Plan for Environmental Emergencies*. During the Reporting Period, we strictly implemented various environmental protection measures and complied with environmental laws and regulations.

Our operational premises are primarily located in commercial office buildings (offices), renowned commercial centers (stores), and economic development buildings (self-owned factories), all of which prioritize green buildings, ensuring no harm to surrounding natural resources. Their operations comply with local environmental laws and regulations. During the Reporting Period, quantitative data related to environmental protection are as presented in the section titled "ESG Key Performance Table", with no significant environmental violations or administrative penalties that would severely impact the environment.

Climate Change

The Group is acutely aware that significant climate risks may have a substantial impact on its future business operations, and thus has accordingly conducted relevant assessments and responses.

Potential physical risks that may impact our operations include extreme weather events, which could disrupt our supply chain and store operations, and potentially adversely affect our reputation and financial performance. Specifically, we may be impacted by increased operational costs for stores, warehouses and offices, as well as heightened insurance investments. The health and safety of our employees may also be jeopardized, and the foot traffic of our stores could be adversely impacted. In this regard, we have established an information collection mechanism to monitor extreme weather forecasts in real time; have formulated relevant policies such as operational premise safety standards and emergency material reserve standards to mitigate the impact of climate change on operations; and have developed corresponding emergency response plans, regularly conduct drills and inspections of reserve materials, and consolidated employee knowledge to enhance the Company's emergency response capabilities.

Potential transition risks that may impact our operations include the transition risks arising from the government's revision or enactment of new ESG laws and regulations affecting our business operations. For instance, the government may elevate sustainability requirements, restrict the materials or processes we use in producing and processing products, and increase our procurement and labor costs; consumer preferences may also shift due to such laws and regulations, necessitating changes to our processes and/ or products; and suppliers may alter due to these laws and regulations, compelling us to change or replace our cooperative suppliers, among other adjustments. We pay close attention to external policy changes, regularly review the compliance and adaptability of the Company's environmental policies and guidelines, and promptly update the corresponding control measures.

The Group is confident that the impact of the aforementioned risks on our business will be minimal as we continue to adapt to, mitigate and respond to significant climate change risks. We will continue to monitor the above-mentioned situations and update our management approaches in response to significant climate changes.

EMPLOYMENT AND LABOR FORCES

Diversity and Equal Opportunity

We are committed to fostering a fair, harmonious, mutually respectful and diverse work environment. We have established internal policies such as the recruitment management policy, the internal referral talent reward system, and the employee relations management policy to clarify management requirements for recruitment, onboarding, promotion and termination, while ensuring a fair and transparent environment to foster talent development. Quantitative data related to employment are as presented in the "ESG Key Performance Table" section.

Our compensation and promotion opportunities are not based on an employee's gender, age, educational background, marital status, pregnancy, family, disability, race, color, ancestry, region, ethnicity or national origin, nationality, religious beliefs, or any other non-work-related factors. The Group strictly prohibits any form of discrimination, harassment or defamation in the workplace for any reason.

It is precisely because we possess an excellent corporate culture, a harmonious, equitable and mutually respectful work environment, as well as a genuine concern for our employees that our employee turnover rate has remained at a low level during the Reporting Period.

To enhance corporate management, standardize performance evaluation process, and provide fair, just and smooth promotion paths for all employees, we have formulated the *Performance Evaluation Management Policy* and the *Promotion and Demotion Policy* to objectively assess employees' work performance, capabilities and attitudes over a certain period. Our frontline employees' performance evaluation is not strongly correlated with business results, but we place greater emphasis on the service quality of frontline employees, striving to provide customers with high-quality and consistent services.

We strictly prohibit any form of unfair or improper dismissal, and have established stringent policies to regulate the dismissal process.

Compensation, Benefits and Protection of Rights and Interests

The Group has established its compensation and benefit management policy in accordance with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the PRC,* the *Provisions on the Prohibition of Using Child Labour*, the *Law of the PRC on the Protection of Minors*. These policies aim to create a fair, just, reasonable and market-competitive compensation benefits management framework. Additionally, we implement equity incentive plans to motivate, attract and retain outstanding talents.

In addition to social insurance and housing provident fund contributions, we offer a comprehensive compensation and benefit package, covering salary, bonuses, employee care leave, and other allowances. We request department heads to allocate human resources judiciously to maximize work efficiency, avoid unnecessary overtime, and safeguard the legitimate rights and interests of employees.

The Group formulates internal policies based on local employment laws, which serve as the basis for determining reasonable working hours and leave entitlements for employees. In accordance with relevant laws, regulations and internal policies, such as the *Attendance and Leave Management Policy*, the Group, including its headquarter, stores and factory, will select working hour systems and leave standards for relevant positions based on actual circumstances.

In compliance with national laws and regulations as well as the corporate culture, the Company has established a flexible and humane leave system to safeguard employee rights and benefits, which includes monthly leave, annual leave, statutory holidays, marriage leave, maternity leave, prenatal check-up leave, nursing leave, parental leave, sick leave, personal affair leave, bereavement leave, school escort leave, study leave, and various other types of leave benefits. We actively foster a harmonious and inclusive work environment, while steadfastly upholding our commitment to the well-being of our employees.

Occupational Health and Safety

We attach great importance to occupational and workplace safety. To ensure production safety, we have established a comprehensive and effective safety production management policy, and have formulated various standard operating procedures such as the *Work Safety Management Manual*, the *Emergency Response Plan for Work Safety Accidents*, and the *Dual System of Management and Control of Risk Classification and Hidden Risk Investigation and Treatment* to regulate safety production management.

We also place great emphasis on safety training to enhance employees' safety awareness. We conduct regular safety production training and daily safety inspections, performing comprehensive safety check once every month to identify and rectify any potential safety hazards.

We have also rigorously implemented the work safety responsibility system. We regularly conduct safety education, training, inspections and evaluations to our employees, especially providing pre-job training for production employees, helping them understand our product manufacturing processes, and strictly adhere to operational procedures. We continuously enhance the safety production responsibilities and awareness of our employees, thereby effectively preventing the occurrence of safety incidents. With a view to standardizing the management, reporting and evaluation of safety incidents, we have established a set of criteria to classify safety incidents according to their severity. Disciplinary actions against the directly responsible personnel, supervisory personnel and leadership personnel will be determined based on the severity of the incident.

In fire safety management, we strictly comply with the *Fire Prevention Law of the PRC*. Our leased office spaces and retail stores are equipped with essential firefighting facilities, and we adhere to the fire safety regulations of the respective office buildings and shopping malls where they are located. At our self-owned factories, we have implemented a comprehensive fire prevention and firefighting system designed to trigger alarms and activate fire suppression procedures immediately upon fire detection. An emergency notification system is also in place to ensure swift communication of critical information during emergencies. We engage professional third-party to perform daily maintenance of our fire protection systems. This includes regular inspections and performance tests of firefighting equipment.

In addition, we have established various guidelines and policies to ensure workplace safety in our stores, such as the *Boutique Safety Management Policy*, the *Contingency Plan for Fire Control* and the *Contingency Plan for Boutique Theft*. While preventing potential safety incidents in stores from causing property and asset losses, we are committed to providing a safe working and shopping environment for both boutique employees and customers. We also conduct emergency drills for our employees from time to time.

Meanwhile, we have established an annual employee health examination program to consistently monitor the physical well-being of our employees and provide guidance for maintaining a healthy working environment.

We have complied with the relevant laws and regulations concerning the provision of a safe working environment and the protection of employees from occupational hazards, which may have a significant impact on the Group, including but not limited to the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Occupational Safety and Health Ordinance i*n Hong Kong. Quantitative data related to occupational health and safety are as presented in the section titled "ESG Key Performance Table".

Development and Training

The development and progress of our employees are crucial to our success. To facilitate employee growth, we have established a comprehensive training system, offering training opportunities, which enables employees to acquire and apply the latest knowledge in industry, technology, services, safety and legal matters. In addition to assigning internal mentors to provide employees with various training courses, we also invite external organizations to offer training to expand their knowledge and skills. In our daily production activities, we implement an apprenticeship system to provide technical and knowledge training for new employees. Additionally, we provide specialized training for our employees on specific matters, such as anti-money laundering, anti-bribery, personal information protection, and daily compliance with laws and regulations. Quantitative data related to training and development are as presented in the section titled "ESG Key Performance Table".

Labor Standards

The Group has strictly adhered to these labor laws and regulations promulgated by the countries and regions where it operates, including but not limited to those specified in the section titled "Employment and Labor Forces", so as to prohibit the employment of any child or forced labor.

In terms of preventing forced labor, we prioritize the autonomy of our employees and their vacation arrangements, while respecting their reasonable working hours and holidays. We strictly prohibit restricting employees' personal freedom or coercing labor through methods such as collecting deposits, withholding documents, or conducting threats. When employees leave, we respect their freedom to choose new career opportunities. During the Reporting Period, the Group did not identify any significant instances of non-compliance or violations of laws and regulations pertaining to the prohibition of child labor and forced labor.

SUPPLY CHAIN MANAGEMENT

Qualification Review

Responsible procurement and sound supply chain management are essential for us to ensure reliable product quality and the sustainability of our supply chain. To promote sustainable and responsible practices, we have established multiple management policies for suppliers, including the *Quality Standards for Gold Raw Materials and Gold Products*, the *Management System for Gold Procurement and Processing*, the *Quality Standards and Quality Inspection Procedures for Raw Materials*, and the *Management System for Production and Processing Suppliers*.

Under these policies, in addition to considering factors such as infrastructure, production capacity and market reputation, we also evaluate potential suppliers' performance in terms of legal, ethical, environmental and social compliance. All suppliers must undergo our established evaluation process prior to formal procurement.

We require suppliers to comply with laws and regulations in the countries/regions where they are located and prohibit the employment of any child labor, involuntary labor, etc., so as to ensure the protection of employees throughout the supply chain. During supplier access, we evaluate suppliers through due diligence and on-site inspections to ensure their compliance with environmental, social and governance regulations.

For instance, in the case of gold raw material suppliers and diamond raw material suppliers, we require that such suppliers possess membership in the Shanghai Gold Exchange (if they are domestic gold raw material suppliers) or the Shanghai Diamond Exchange (if they are domestic diamond raw material suppliers), as well as a robust internal financial accounting system. These national-level institutions typically impose stringent requirements on the gold and diamonds provided by their qualified suppliers. According to the *Criteria for Registration and Certification of Supplier of Standard Gold Ingots and of Gold Ingot Grade Qualifications of Shanghai Gold Exchange (Overseas Trial Version)*, to become a gold supplier of the Shanghai Gold Exchange, the applicant enterprise is required to, among others, engage in gold refining business for over five years, with gold refining capability of over ten Tonnes per year. The Shanghai Gold Exchange will conduct on-site expert review and random inspection of gold ingots provided by the applicant enterprise. We believe by virtue of their strong supervision and surveillance, we are able to ensure the legality of sources of gold and diamond that we procure from our suppliers.

Collaboration and Regular Evaluation

The Group maintains partnership relations with multiple suppliers to mitigate the risk of excessive dependence. By means of concluding agreements, the Group requires suppliers to respect and adhere to our compliance policies, including anti-bribery policies, so as to support fair competition. Quantitative data related to suppliers are as presented in the section titled "ESG Key Performance Table".

As for the suppliers with whom we have established cooperative relationships, we conduct meticulous evaluations and categorizations based on the duration of our collaboration, their qualifications, and the quality of raw materials and products they provide to us. We typically evaluate our suppliers on a monthly and annual basis. We will also require lower-tier suppliers to implement corrective actions until they pass our re-evaluation. Additionally, we have formulated specific standards for the quality, dimension, weight, and appearance of raw materials and products. Our quality inspectors are responsible for examining raw materials and products in accordance with these established standards. Upon discovery of any non-compliant products or materials, we will make every effort to collaborate with suppliers to seek a resolution. But if no improvement is made thereafter, the relevant supplier will be warned, temporarily suspended, or even permanently disqualified from receiving orders.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

We strictly adhere to anti-corruption and anti-bribery laws and regulations, while consistently upholding the principles of honest practice, integrity in operations, as well as fairness and justice. We have established policies such as the *Company Charter* and the *Employee Work Discipline* to ensure the standardization of employee conduct. Every new employee must participate in an orientation training before taking the post, study relevant regulations, and confirm their understanding.

We place a high value on integrity and anti-fraud measures, and foster a culture of compliance. We consistently maintain a high-pressure stance against disciplinary violations, and actively formulate the *Anti-Fraud Management Practices*. We have established rigorous anti-fraud measures in the prevention, reporting and investigation of misconduct. We periodically conduct anti-fraud corporate culture activities to ensure that all employees are informed of our policies on fraud prevention and their own responsibilities in combating fraud. We have established a fraud risk assessment system and formulated corresponding internal control measures. Our internal control and audit department takes the lead in identifying fraud risks on an annual basis.

Our suppliers are subject to stringent access policies, undergoing multiple layers of scrutiny through comprehensive comparisons. Additionally, we require our suppliers to respect and adhere to our compliance policies, including our anti-bribery policy. We have also established stringent control procedures in this regard to prevent corruption and dishonesty in execution, including dual verification, multi-level reviews, and periodic inspections.

We have established a whistle-blower hotline and an email address for corruption and fraudulent activities. We actively encourage employees to report any suspected fraudulent or illegal activities, and ensure that all reported cases are thoroughly and promptly investigated. Upon detection of any suspected fraudulent activities, our internal control and audit departments will collaborate with our legal, human resources and office personnel to conduct a preliminary assessment, form an investigation team, and compile an investigative report. We have established and implemented a whistle-blower protection mechanism, conducting investigations into complaints and reports in accordance with the principles of fairness, impartiality, and confidentiality. Whistle-blowers and the information they provide will be kept strictly confidential. During the Reporting Period, we were not involved in any corruption and fraudulent activities, nor were there any judicial cases related to corruption and fraud.

During the Reporting Period, we did not identify any significant violations of laws, regulations or internal anti-corruption and anti-fraudulent requirements. In the future, we will continue to strictly adhere to current requirements, while maintaining a clean and fair environment for business operations and development.

We actively comply with relevant laws and regulations, including the *Anti-Money Laundering Law of the People's Republic of China*, the *Administrative Measures for Anti-Money Laundering and Counter-Terrorism Financing for Payment Institutions*, as well as related overseas institutional provisions. And we have established the *Anti-Money Laundering Management Policy* to cover all operational aspects that may be used for money laundering in our business. During the Reporting Period, we have not been subject to any lawsuits, disputes, legal procedures, claims, investigations or other actions by any regulatory authorities regarding anti-money laundering matters.

COMMUNITY PARTICIPATION

The Group actively undertakes its social responsibilities, never forgetting to give back to the society while advancing corporate development.

We encourage our employees to participate in public welfare activities, such as children education, social volunteer services, care for vulnerable groups in the community, community environmental protection services, and promotion of Chinese classical culture. In 2024, we made charitable donations across multiple fields, with specific quantitative data presented in the section titled "ESG Key Performance Table". And we believe that our continuous efforts in promoting public welfare can not only enhance the sense of social responsibility among our employees, but also improve our corporate image and reputation.

ESG KEY PERFORMANCE TABLE

Key Performance Indicators	Unit	2024
Product Liability		
Percentage of total sold or shipped products as recalled for safety and health reasons	%	0
Complaints and litigation cases related to product health and safety	pieces	0
Complaints and litigation cases related to customer privacy	pieces	0
Domestic patents	No.	249
Copyright of domestic works	No.	1,314
Overseas patents	No.	228
Resource Utilization		
Direct energy consumption – Gasoline	Tonnes	5.46
Indirect energy consumption – Purchased electricity*	MWh	1,154.35
Total energy consumption	t SCE	149.90
Energy consumption intensity	t SCE/RMB million revenue	0.02
Total water consumption*	Tonnes	6,872
Total water consumption intensity	Tonnes/RMB million revenue	0.81
Greenhouse Gas		
Scope 1: Direct greenhouse gas emissions	Tonnes of Carbon dioxide equivalent	16.61
Scope 2: Indirect greenhouse gas emissions [Note 1]	Tonnes of Carbon dioxide equivalent	619.42
Total greenhouse gas emissions	Tonnes of Carbon dioxide equivalent	636.03
Intensity of total greenhouse gas emissions	Tonnes of Carbon dioxide equivalent/RMB million revenue	0.07
Emissions		
Hazardous waste [Note 2]	Tonnes	0.4985
Hazardous waste intensity	Tonnes/RMB million revenue	0.0001
Non-hazardous waste [Note 3]	Tonnes	8.8
Non-hazardous waste intensity	Tonnes/RMB million revenue	0.001
Packaging materials used [Note 4]	Tonnes	211.39

*: Sourced from our own factories

Note 1: Refer to the *Announcement on the Release of 2022 Power Carbon Dioxide Emission Factors* released by the Ministry of Environmental Protection and National Bureau of Statistics on December 20, 2024

Note 2: Derived from high-acidity chemical packaging containers disposed of by a third-party professional organization from our own factories.

Note 3: Derived from gypsum powder disposed of by a third-party professional organization from our own factories.

Note 4: Mainly including paper bags, cloth bags, packaging boxes.

Key Performance Indicators	Unit	2024	
Employment and Labor Practices			
Total number of employees by region	Person	1,303	100%
– Mainland China	Person	1,244	95%
– Hong Kong and Macau, China	Person	59	5%
Total number of employees by gender	Person	1,303	100%
– Male	Person	490	38%
– Female	Person	813	62%
Total number of employees by employment category	Person	1,303	100%
– Full time	Person	1,298	99.6%
– Part time	Person	5	0.4%
Total number of employees by age group	Person	1,303	100%
– Aged below 30	Person	658	50%
– 30-50 years old	Person	595	46%
– Aged over 50	Person	50	4%

Key Performance Indicators	Unit	2024
Employee turnover rate by region*	%	7.1
– Mainland China	%	7.4
– Hong Kong and Macau, China	%	0
Employee turnover rate by gender*	%	7.1
– Male	%	11.7[Note]
– Female	%	4.2
Employee turnover rate by age group*	%	7.1
– Aged below 30	%	8.0
– 30-50 years old	%	6.0
– Aged over 50	%	8.5
Percentage of trained employees by gender	%	100
– Male	%	100
– Female	%	100
Percentage of trained employees by employee category	%	100
– Grassroots employees	%	100
– Middle-level employees	%	100
– Senior management	%	100

* : The overall employee turnover rate of the Group

Note: Primarily refers to ordinary production workers in workshops.

Key Performance Indicators	Unit	2024
Average training hours completed per employee by gender	Hour	55
– Male	Hour	51
– Female	Hour	57
Average training hours completed per employee by employee category	Hour	55
– Grassroots employees	Hour	58
– Middle-level employees	Hour	36
– Senior management	Hour	28
Number and rate of work-related fatalities	Person, %	0
Lost days due to work injury	Day	0
Supply Chain Management		
Number of suppliers by region*	No.	56
– Mainland China	No.	49
– Hong Kong and Macau, China	No.	6
– Other countries (regions)	No.	1
Anti-corruption		
Corruption-triggered litigation cases	pieces	0
Community Participation		
Public welfare donation	RMB'000	1,303

*: Suppliers include raw material suppliers, auxiliary material suppliers, packaging material suppliers, and manufacturing processors

CONTENT INDEX

HKEX ESG GUIDE		SECTION IN THE ESG REPORT
Mandatory Disclosure Requirements		
Governance Structure		Governance Structure
Reporting Principles		Reporting Principles and Scope
Reporting Scope		Reporting Principles and Scope
"Comply or Explain" Provisions		
A. Environmental		
A1:	**Emissions**	
	General Disclosure	Environmental Protection – Emission Management
	KPIs: A1.1, A1.2, A1.3, A1.4, A1.5, A1.6	ESG Key Performance Table; Environmental Protection – Emission Management
A2:	**Use of Resources**	
	General Disclosure	Environmental Protection – Resource Utilization
	KPIs: A2.1, A2.2, A2.3, A2.4, A2.5	ESG Key Performance Table; Environmental Protection – Resource Utilization
A3:	**The Environment and Natural Resources**	
	General Disclosure	Environmental Protection – Environment and Natural Resources
	KPI: A3.1	Environmental Protection – Environment and Natural Resources
A4:	**Climate Change**	
	General Disclosure	Environmental Protection – Climate Change
	KPI: A4.1	Environmental Protection – Climate Change

HKEX ESG GUIDE	SECTION IN THE ESG REPORT
B. Social	
Employment and Labor Practices	
B1: Employment	
General Disclosure	Employment and Labor Forces – Diversity and Equal Opportunity, Compensation, Benefits and Protection of Rights and Interests
KPIs: B1.1, B1.2	ESG Key Performance Table
B2: Health and Safety	
General Disclosure	Employment and Labor Forces – Occupational Health and Safety
KPIs: B2.1, B2.2, B2.3	ESG Key Performance Table; Employment and Labor Forces – Occupational Health and Safety
B3: Development and Training	
General Disclosure	Employment and Labor Forces -Development and Training
KPIs: B3.1, B3.2	ESG Key Performance Table
B4: Labour Standards	
General Disclosure	Employment and Labor Forces – Labor Standards
KPIs: B4.1, B4.2	Employment and Labor Forces – Labor Standards
Operating Practices	
B5: Supply Chain Management	
General Disclosure	Supply Chain Management
KPIs: B5.1, B5.2, B5.3, B5.4	ESG Key Performance Table; Supply Chain Management
B6: Product Responsibility	
General Disclosure	Products and Services
KPIs: B6.1, B6.2, B6.3, B6.4, B6.5	ESG Key Performance Table; Products and Services
B7: Anti-corruption	
General Disclosure	Anti-corruption and Anti-money Laundering
KPIs: B7.1, B7.2, B7.3	ESG Key Performance Table; Anti-Corruption and Anti-Money Laundering
Community	
B8: Community Investment	
General Disclosure	Community Participation
KPIs: B8.1, B8.2	ESG Key Performance Table; Community Participation

INDEPENDENT LIMITED ASSURANCE REPORT

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To the Directors of LAOPU GOLD CO., LTD.:

SCOPE

We have been engaged by LAOPU Gold Co., Ltd. ("Laopu Gold") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on LAOPU Gold Co., Ltd.'s specified information (the "Key Information") contained in the Company's Environmental, Social and Governance Report for the year ended December 31, 2024 (the "ESG Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the ESG Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY LAOPU GOLD

In preparing the Key Information, Laopu Gold applied the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (HKEx) and the criteria as defined and disclosed in the ESG Report ("Criteria").

MANAGEMENT'S RESPONSIBILITIES

Laopu Gold's management is responsible for selecting the Criteria, and for presenting the Key Information of the ESG Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Key Information of the ESG Report based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and the terms of reference for this engagement as agreed with Laopu Gold on April 2025.Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies *International Standard on Quality Management 1*, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, *or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Key Information and related information, and applying analytical and other appropriate procedures.

We performed assurance procedures on the selected 2024 ESG Key Information in ESG Report:

- Direct energy consumption – Gasoline
- Indirect energy consumption – Purchased electricity
- Total energy consumption
- Energy consumption intensity
- Total water consumption
- Total water consumption intensity
- Hazardous waste
- Hazardous waste intensity
- Non-hazardous waste
- Non-hazardous waste intensity
- Packaging materials used

DESCRIPTION OF PROCEDURES PERFORMED *(continued)*

- Total number of employees by region
- – Mainland China
- – Hong Kong and Macau, China
- Total number of employees by gender
- – Male
- – Female
- Total number of employees by employment category
- – Full-time
- – Part-time
- Total number of employees by age group
- – Aged below 30
- – 30-50 years old
- – Aged over 50
- Employee turnover rate by region
- – Mainland China
- – Hong Kong and Macau, China
- Employee turnover rate by gender
- – Male
- – Female
- Employee turnover rate by age group
- – Aged below 30
- – 30-50 years old
- – Aged over 50

DESCRIPTION OF PROCEDURES PERFORMED *(continued)*

- Percentage of trained employees by gender
- – Male
- – Female
- Percentage of trained employees by employee category
- – Grassroots employees
- – Middle-level employees
- – Senior management
- Average training hours completed per employee by gender
- – Male
- – Female
- Average training hours completed per employee by employee category
- – Grassroots employees
- – Middle-level employees
- – Senior management
- Number and rate of work-related fatalities
- Lost days due to work injury
- Number of suppliers by region
- – Mainland China
- – Hong Kong and Macau, China
- – Other countries (regions)
- Corruption-triggered litigation cases
- Public welfare donation

DESCRIPTION OF PROCEDURES PERFORMED *(continued)*

Our procedures included:

1) Conducted interviews with personnel to understand the business and reporting process;

2) Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Key Information during the reporting period;

3) Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;

4) Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;

5) Tested, on a sample basis, underlying source information to check the accuracy of the data; and

6) Other procedures deemed necessary.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Key Information of ESG report, in order for it to be in accordance with (or based on) the Criteria.

Ernst & Young
April 28, 2025
Hong Kong

Independent Auditor's Report

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To the shareholders of LAOPU GOLD CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Laopu Gold Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 146, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Revenue recognition

Revenue for the year ended December 31, 2024 amounted to RMB8,506 million. The revenue was primarily generated from the sales of gold jewelry.

Revenue was significant to the consolidated financial statements as a whole. Besides, revenue is one of the performance indicators of the Group, and there is an inherent risk of management manipulating revenue recognition to achieve expected performance and meet earnings expectations among investors. Based on these factors, we identified revenue recognition as a key audit matter.

Relevant disclosures are included in note 2.4 "MATERIAL ACCOUNTING POLICIES", note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES" and note 5 "REVENUE, OTHER INCOME AND GAINS" to the financial statements.

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Our audit procedures in relation to the assessment of revenue recognition included the following:

(i) Obtaining an understanding of the Group's revenue recognition process, evaluating and testing the key internal controls in relation to revenue recognition;

(ii) Evaluating the appropriateness of accounting policies for revenue recognition by interviewing the management to obtain an understanding of the terms of sales documents and evaluating the transfer of significant risks and rewards;

(iii) Performing analysis procedures on revenue and gross margin by product, channel, month and sales trend to check whether there were abnormal fluctuations;

(iv) Performing test of details on a sample basis by checking delivery notes, bank slips, logistics records, etc.;

(v) Obtaining an understanding of the Group's settlement methods with shopping malls and obtaining external confirmations on a sample basis to check the sales amount during the year and the balance of trade receivables at the end of reporting period and also checked the subsequent settlement;

(vi) Performing cut-off testing on a sample basis by examining sales transactions occurring at either side of the end of the reporting period to evaluate whether that revenue was recognised in the appropriate accounting periods; and

(vii) Evaluating whether revenue has been properly presented and disclosed in the financial statements.

</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of inventories The carrying value of inventories of the Group was RMB4,088 million as at December 31, 2024. Inventories of the Group mainly comprised of gold jewelry. Valuation of inventories was stated at the lower of cost and net realisable value. Significant portion of inventory cost includes cost of gold and gemstones, which are subject to the risk of changes in market value. The assessment of net realisable value of inventories was based on significant estimates and judgements made by management in respect of, amongst others, the economic conditions, marketability of products and the forecast market price of gold and gemstones used to make the jewelry products. Based on these factors, we identified the existence and valuation of inventories as a key audit matter. Relevant disclosures are included in note 2.4 "MATERIAL ACCOUNTING POLICIES", note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES" and note 16 "INVENTORIES" to the financial statements.	Our audit procedures in relation to the assessment of existence and valuation of inventories included the following: (i) Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to the inventory existence and valuation; (ii) Obtaining the Group's cycle physical counts and evaluating the rationality of the counting plan with the management; attending the annual physical inventory count at year end date and performing sample count procedures; (iii) Reviewing the authenticity of the product on a sample basis by checking the testing result of the testing institution; (iv) Reviewing for reasonableness the purchase prices of selected key product types by performing analysis on gold prices, diamond prices with market trends; (v) Obtaining the purchase details of raw materials and outsourcing processing during the year, checking the completeness and whether the purchase orders, invoices, delivery receipts and bank slips were consistent with the journal entries on a sample basis; (vi) Reviewing the basis adopted by the Group for its inventory provision policy and evaluating whether the inventory provision was made in accordance with the policy; assessing the inventory provision by comparing net the realisable values to the costs; and (vii) Reviewing whether inventory had been properly presented and disclosed in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho.

Ernst & Young
Certified Public Accountants
Hong Kong
March 31, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**8,505,560**	3,179,564
Cost of sales		**(5,004,340)**	(1,847,607)
Gross profit		**3,501,220**	1,331,957
Other income and gains	5	**20,831**	2,650
Selling and distribution expenses		**(1,236,743)**	(579,347)
Administrative expenses		**(272,235)**	(167,571)
Research and development expenses		**(19,163)**	(10,720)
Other expenses, net		**(16,929)**	(5,318)
Finance costs	6	**(30,434)**	(18,182)
PROFIT BEFORE TAX	7	**1,946,547**	553,469
Income tax expense	10	**(473,441)**	(137,167)
PROFIT FOR THE YEAR		**1,473,106**	416,302
Attributable to:			
Owners of the Company		**1,473,106**	416,302
PROFIT FOR THE YEAR		**1,473,106**	416,302
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**6,633**	(839)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**6,633**	(839)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,479,739**	415,463
Attributable to:			
Owners of the Company		**1,479,739**	415,463
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted *(RMB)*		**9.47**	3.03

Consolidated Statement of Financial Position

December 31, 2024

	Notes	December 31, 2024 RMB'000	December 31, 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**112,656**	57,549
Right-of-use assets	14(a)	**302,219**	252,219
Other intangible assets	15	**3,123**	2,877
Deferred tax assets	24	**21,432**	12,538
Prepayments, deposits and other assets	18	**64,046**	57,528
Total non-current assets		**503,476**	382,711
CURRENT ASSETS			
Inventories	16	**4,087,849**	1,267,932
Trade receivables	17	**801,216**	376,325
Prepayments, deposits and other assets	18	**211,567**	61,741
Cash and cash equivalents	19	**732,650**	69,838
Total current assets		**5,833,282**	1,775,836
CURRENT LIABILITIES			
Trade payables	20	**228,197**	57,662
Other payables and accruals	21	**369,935**	140,090
Interest-bearing bank and other borrowings	23	**1,373,461**	127,754
Contract liabilities	22	**9,894**	27,766
Lease liabilities	14(b)	**152,786**	101,394
Tax payable		**114,293**	19,478
Total current liabilities		**2,248,566**	474,144
NET CURRENT ASSETS		**3,584,716**	1,301,692
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,088,192**	1,684,403

	Notes	December 31, 2024 RMB'000	December 31, 2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred income	25	920	1,150
Other payables and accruals	21	3,123	2,418
Lease liabilities	14(b)	163,826	165,419
Total non-current liabilities		167,869	168,987
Net assets		3,920,323	1,515,416
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	168,367	142,643
Reserves	28	3,751,956	1,372,773
Total equity		3,920,323	1,515,416

Xu Gaoming
Director

Xu Rui
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Share capital RMB'000 (note 26)	Share premium* RMB'000 (note 28)	Share-base payment reserve* RMB'000 (note 28)	Exchange fluctuation reserve* RMB'000 (note 28)	Statutory surplus reserve* RMB'000 (note 28)	Retained profits RMB'000	Total equity RMB'000
At January 1, 2024	142,643	599,948	20,254	1,641	76,061	674,869	1,515,416
Profit for the year	–	–	–	–	–	1,473,106	1,473,106
Other comprehensive income for the year:							
Exchange differences on translation of the Company's financial statements	–	–	–	6,633	–	–	6,633
Total comprehensive income for the year	–	–	–	6,633	–	1,473,106	1,479,739
Issuance of ordinary shares	25,724	925,244	–	–	–	–	950,968
Share issue expenses	–	(54,426)	–	–	–	–	(54,426)
Transfer from retained profits	–	–	–	–	8,122	(8,122)	–
Share-based payments	–	–	28,626	–	–	–	28,626
At December 31, 2024	168,367	1,470,766	48,880	8,274	84,183	2,139,853	3,920,323

	Share capital RMB'000 (note 26)	Share premium* RMB'000 (note 28)	Share-base payment reserve* RMB'000 (note 28)	Exchange fluctuation reserve* RMB'000 (note 28)	Statutory surplus reserve* RMB'000 (note 28)	Retained profits RMB'000	Total equity RMB'000
At January 1, 2023	136,500	384,340	11,621	2,480	38,346	296,282	869,569
Profit for the year	–	–	–	–	–	416,302	416,302
Other comprehensive income for the year:							
Exchange differences on translation of the Company's financial statements	–	–	–	(839)	–	–	(839)
Total comprehensive income for the year	–	–	–	(839)	–	416,302	415,463
Issuance of ordinary shares	6,143	218,858	–	–	–	–	225,001
Share issue expenses	–	(3,250)	–	–	–	–	(3,250)
Transfer from retained profits	–	–	–	–	37,715	(37,715)	–
Share-based payments	–	–	8,633	–	–	–	8,633
At December 31, 2023	142,643	599,948	20,254	1,641	76,061	674,869	1,515,416

* These reserve accounts comprise the consolidated reserves of RMB3,751,956,000 (2023: RMB1,372,773,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**1,946,547**	553,469
Adjustments for:			
Interest income	5	**(2,675)**	(350)
Finance costs	6	**30,434**	18,182
Gain on disposal of property, plant and equipment and other assets		**–**	(126)
Loss on disposal of property, plant and equipment and other assets		**3,849**	447
Impairment of trade receivables	17	**6,028**	3,536
Impairment of prepayments, deposits and other assets	18	**425**	1,238
Write-down of inventories to net realisable value	16	**530**	1,745
Depreciation of property, plant and equipment	13	**41,488**	25,600
Depreciation of right-of-use assets	14(a)	**136,671**	91,407
Amortisation of other intangible assets and other assets		**3,184**	2,760
Government grants released	25	**(230)**	(555)
Equity-settled share-based payments	27	**28,626**	8,633
		2,194,877	705,986
Increase in inventories		**(2,812,466)**	(461,888)
Increase in trade receivables		**(430,645)**	(279,570)
Increase in prepayments, deposits and other receivables		**(156,091)**	(21,136)
Increase in trade payables		**167,603**	52,469
Increase in other payables and accruals		**211,578**	81,743
(Decrease)/increase in contract liabilities		**(17,876)**	18,947
Increase in deferred income		**–**	812
Cash generated from operations		**(843,020)**	97,363
Interest received		**2,675**	350
Income tax paid		**(388,127)**	(126,909)
Net cash flows used in operating activities		**(1,228,472)**	(29,196)

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment and other assets		–	323
Purchases of items of property, plant and equipment and other assets		**(70,919)**	(59,541)
Net cash flows used in investing activities		**(70,919)**	(59,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of ordinary shares		**950,968**	221,751
Share issue expenses		**(55,400)**	–
New bank and other borrowings		**1,485,000**	127,037
Repayment of bank and other borrowings		**(229,000)**	(138,000)
Cash received from lease deposits		**566**	1,242
Payment of lease deposits		**(15,112)**	(17,646)
Payments of lease liabilities	*14(b)*	**(150,812)**	(89,690)
Interest paid		**(25,904)**	(5,721)
Net cash flows from financing activities		**1,960,306**	98,973
NET INCREASE IN CASH AND CASH EQUIVALENTS		**660,915**	10,559
Cash and cash equivalents at beginning of the year		**69,838**	60,282
Effect of foreign exchange rate changes, net		**1,897**	(1,003)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*19*	**732,650**	69,838
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	*19*	**732,650**	69,838

1. CORPORATE AND GROUP INFORMATION

Laopu Gold Co., Ltd. (the "Company") is a company established in the People's Republic of China ("PRC") with limited liability. The registered office of the Company is located at Rooms 3-6, 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, PRC.

During the year, the principal activities of the Company and its subsidiaries (collectively referred to as the "Group") were manufacture and sale of gold jewelry and provision of maintenance and repair services.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yueyang Laopu Gold Filigree Handcraft Co., Ltd. 岳陽老鋪黃金花絲工藝有限公司* *(note a)*	Mainland China, March 28, 2018	RMB100,000,000	100%	–	Manufacture and sale of gold jewelry
LAO PU (HONG KONG) Co., Ltd. 老鋪黃金(香港)有限公司 *(note b)*	Hong Kong, January 2, 2018	HK$260,000,000	100%	–	Sale of gold jewelry
LAOPU (MACAU) Co., Ltd. 老鋪黃金(澳門)一人有限公司 *(note a)*	Macau, September 17, 2019	MOP5,000,000	–	100%	Sale of gold jewelry
LAO PU GOLD SINGAPORE Pte. Ltd. 老鋪黃金新加坡私人有限公司 *(note c)*	Singapore, December 17, 2024	SGD10,000,000	–	100%	Sale of gold jewelry

* The English name of this entity registered in the PRC represents the best efforts made by the management of the Company to directly translate its Chinese names as it does not register any official English name.

Notes:

a. No audited financial statements have been prepared for these entities for the years ended December 31, 2023 and 2024.

b. The statutory financial statements of the entity for the year ended December 31, 2023 were audited by Ernst & Young, Certified Public Accountants, Hong Kong.

c. No audited financial statements have been prepared as the entity was newly established in 2024.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's consolidated financial statements.

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

The adoption of the above revised IFRS Accounting Standards has no significant financial effect on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 of and IFRS 7	*Amendments to the Classification and Measurement Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

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

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in subsidiaries

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less any impairment losses unless the investment is classified as held for sale (or included in a disposal group) and accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Dividends from a subsidiary are recognised in the Company's profit or loss when the Company's right to receive the dividends is established.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 33%
Furniture, fixtures and equipment	20% to 33%
Devices and equipment	20% to 33%
Motor vehicles	25%
Plant and machinery	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Other intangible assets (other than goodwill)
Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Other intangible assets are amortised on the straight-line basis over the following useful economic lives:

Trademark	5 to 10 years
Software	3 to 10 years
Others	3 to 10 years

The length of useful life of an intangible asset is determined in accordance with the shorter of period between the period during which such an asset is expected to bring economic benefits to the Group and the legal life according to laws and regulations of the trademark, patents and copyrights.

Research and development expense
All research and development expenses are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms, and the estimated useful lives of the assets as follows:

Office premises and buildings	1 year to 10 years
Stores	1 year to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate), a change in the lease term or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position and statement of financial position of the Company.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises and stores (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value designated through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting periods, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of goods

The Group operates a chain of self-operated boutiques and online platforms selling gold jewelry products. Revenue from the sales of goods is recognised at the point in time when product is transferred to the customer who takes delivery in store or sent to the address specified by the consumer.

(b) Maintenance and repair services

Revenue from maintenance and repair services is recognised at a point in time when the service is provided to the customer.

Other income

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates the stock incentive scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension schemes

The Group participates in a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees of the Group's subsidiary in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

As stipulated by the rules and regulations of the PRC, the Company and its subsidiary which operates in Mainland China are required to contribute to a state-sponsored retirement plan for all its employees at certain percentages of the basic salaries predetermined by the local governments. The Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions. The contributions made by the Group are charged to profit or loss as they became payable in accordance with the rule of the retirement plan.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries operating outside Mainland China are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries operating outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries operating outside Mainland China which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Identification of a customer and gross versus net revenue recognition

The Group enters into several concession agreements with certain shopping malls, under which shopping malls invoice end customers and pay the Group sales proceeds from the end customers less concession fees and other fees. The shopping malls act as agents of the Group rather than the principals in the transactions since the shopping malls do not control the jewelry products before those goods are transferred to the customers. The shopping malls are not primarily responsible for fulfilling the promise to provide the jewelry products to the customers, do not have inventory risk before the jewelry products are transferred to the customers or after transfer of control to the customers and have no pricing latitude. Hence the Group acts as the principals. Revenue is recognised when control of the products has been transferred to the customer, and the concession fees and other fees to the shopping malls are charged to "Selling and distribution expenses".

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's accounts receivable is disclosed in note 17 to the consolidated financial statements.

Provision for expected credit losses on other financial assets

The measurement of expected losses on other financial assets requires judgement including, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. The carrying amounts of other financial assets at amortised cost are given in note 34 to the consolidated financial statements.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is given in note 16 to the consolidated financial statements.

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

Accrual of restoration obligation
The Group as the lessee bears the obligation to restore the leased assets to the state agreed upon in the lease terms in accordance with the lease contract. The group estimates the estimated liabilities formed by fulfilling restoration obligations based on industry conditions and historical experience. At the end of the reporting period, the Group reviews the value of the estimated liabilities and makes appropriate adjustments to reflect the current best estimate.

Share-based payment
The Group, makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the waiting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The group has estimated the expected future cash flows of the Group to evaluate the fair value of the equity instruments on the grant date, and also estimated the number of exercisable equity instruments.

Deferred tax assets
Deferred tax assets are recognised for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 24 to the consolidated financial statements.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

Major operating entities are domiciled in the Mainland China. Most of the revenues of the Group from external customers are generated in the Mainland China. Besides, most of the assets of the Group are located in the Mainland China. Thus, no geographic information is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended December 31, 2024 and 2023, respectively.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 *RMB'000*	2023 *RMB'000*
Types of goods or services		
Sales of goods	**8,504,554**	3,179,188
Maintenance and repair services	**1,006**	376
Total	**8,505,560**	3,179,564
Geographical markets		
Mainland China	**7,650,528**	3,024,502
Hong Kong and Macau	**855,032**	155,062
Total	**8,505,560**	3,179,564
Timing of revenue recognition		
Goods transferred at a point in time	**8,504,554**	3,179,188
Service transferred at a point in time	**1,006**	376
Total	**8,505,560**	3,179,564
Types of products or services		
Gold jewelry	**8,498,524**	3,174,940
Others	**7,036**	4,624
Total	**8,505,560**	3,179,564

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 **RMB'000**	2023 RMB'000
Sales of goods	**27,766**	8,819

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is mainly on cash and credit card settlement under self-operated model. Retail payments collected by shopping malls from customers are generally settled with the Group within 30 or 60 days.

Maintenance and repair services

The performance obligation is satisfied as services are rendered and payment is received upon the completion of services.

As the original expected duration of the contracts with customers of the Group was within one year or less, the Group applied the practical expedient of not disclosing the transaction prices allocated to the remaining performance obligation.

Other income and gains

	2024 **RMB'000**	2023 RMB'000
Other income		
Interest income	**2,675**	350
Government grants*	**760**	1,016
Others	**359**	254
Total other income	**3,794**	1,620
Gains		
Foreign exchange differences	**16,551**	560
Gain on disposal of items of property, plant and equipment and other assets	**–**	126
Others	**486**	344
Total gains	**17,037**	1,030
Total other income and gains	**20,831**	2,650

* Government grants have been received from local government authorities as subsidies to the Group, which mainly represent the subsidies related to the operating activities. Except for the lease term, there were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **RMB'000**	2023 RMB'000
Interest on bank and other borrowings	**15,585**	7,661
Interest on lease liabilities	**14,542**	10,415
Others	**307**	106
Total	**30,434**	18,182

7. PROFIT BEFORE TAX

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

	Notes	**2024** **RMB'000**	2023 RMB'000
Cost of inventories sold*		**5,004,340**	1,847,607
Depreciation of property, plant and equipment**	*13*	**41,488**	25,600
Depreciation of right-of-use assets**	*14(a)*	**136,671**	91,407
Amortisation of intangible assets and other assets		**3,184**	2,760
Lease payments not included in the measurement of lease liabilities	*14(c)*	**552,558**	196,427
Gain on disposal of property, plant and equipment and other assets***	*5*	**–**	(126)
Loss on disposal of property, plant and equipment and other assets***		**3,849**	447
Expenses related to previous A-share listing attempt****		**–**	10,953
Listing expenses****		**17,705**	13,758
Auditor's remuneration		**3,113**	–
Equity-settled share-based payments	*27*	**28,626**	8,633
Employee benefit expenses (excluding directors' and supervisors' remunerations in note 8):			
Wages and salaries		**470,026**	276,029
Pension scheme contributions (defined contribution schemes)		**28,209**	19,268
Impairment of trade receivables***	*17*	**6,028**	3,536
Impairment of prepayments, deposits and other assets***	*18*	**425**	1,238

* The cost of inventories sold included write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment and right-of-use assets was included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in profit or loss.

*** The amounts are included in "Other income and gains" and "Other expense, net" in profit or loss.

**** The amounts are included in "Administrative expenses" in profit or loss.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Fees	**1,084**	526
Salaries, allowances and benefits in kind	**15,502**	11,636
Pension scheme contributions	**430**	378
Equity-settled share-based payments	**441**	227
Total	**17,457**	12,767

(a) Independent non-executive directors

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

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension Scheme contributions *RMB'000*	Share-based payment *RMB'000*	Total remuneration *RMB'000*
Year ended December 31, 2024					
Independent non-executive directors:					
Dr. He Yurun*	**420**	–	–	–	**420**
Mr. Sun Yijun*	**420**	–	–	–	**420**
Mr. SEE Tak Wah*	**244**	–	–	–	**244**
Total	**1,084**	–	–	–	**1,084**
Year ended December 31, 2023					
Independent non-executive directors:					
Mr. Yang Shizhong*	190	–	–	–	190
Ms. Jin Xin*	199	–	–	–	199
Dr. He Yurun*	62	–	–	–	62
Mr. Sun Yijun*	75	–	–	–	75
Total	526	–	–	–	526

* Mr. Yang Shizhong resigned as the independent non-executive director of the Company on October 15, 2023 and Ms. Jin Xin resigned as the independent non-executive director of the Company on October 29, 2023.

Mr. Sun Yijun was appointed as the independent non-executive director of the Company on October 16, 2023 and Dr. He Yurun was appointed as the independent non-executive director of the Company on October 30, 2023.

Mr. SEE Tak Wah was appointed as the independent non-executive director of the Company on June 28, 2024.

There were no other emoluments payable to the non-executive directors during the year (2023: Nil).

(b) Executive directors and the chief executive

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension Scheme contributions *RMB'000*	Share-based payment *RMB'000*	Total remuneration *RMB'000*
Year ended December 31, 2024					
Executive directors:					
Mr. Xu Gaoming *(Chief executive)*	–	**4,704**	**66**	–	**4,770**
Mr. Feng Jianjun	–	**2,214**	**66**	**65**	**2,345**
Mr. Xu Rui	–	**3,433**	**66**	**60**	**3,559**
Mr. Jiang Xia*	–	**978**	**34**	**33**	**1,045**
Total	–	**11,329**	**232**	**158**	**11,719**
Year ended December 31, 2023					
Executive directors:					
Mr. Xu Gaoming *(Chief executive)*	–	4,009	63	–	4,072
Mr. Feng Jianjun	–	2,000	63	65	2,128
Mr. Xu Rui	–	2,282	63	60	2,405
Total	–	8,291	189	125	8,605

* Mr. Jiang Xia was appointed as the executive director of the Company on June 28, 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the reporting period, no remuneration was paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension Scheme contributions RMB'000	Share-based payment RMB'000	Total remuneration RMB'000
Year ended December 31, 2024					
Ms. Peng Liuhua	–	**1,670**	**66**	**43**	**1,779**
Ms. Xiao Yanhui	–	**1,396**	**66**	**48**	**1,510**
Mr. Sui Wu	–	**1,107**	**66**	**192**	**1,365**
Total	–	**4,173**	**198**	**283**	**4,654**
Year ended December 31, 2023					
Ms. Peng Liuhua	–	1,283	63	43	1,389
Ms. Xiao Yanhui	–	1,282	63	48	1,393
Mr. Sui Wu	–	780	63	11	854
Total	–	3,345	189	102	3,636

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director, chief executive nor a supervisor of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**13,703**	9,599
Pension scheme contributions	**132**	126
Equity-settled share-based payments	**90**	412
Total	**13,925**	10,137

The number of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	–	1
HK$3,500,001 to HK$4,000,000	1	–
HK$4,000,001 to HK$4,500,000	1	–
HK$5,000,001 to HK$5,500,000	–	1
HK$7,000,001 to HK$7,500,000	1	–
Total	3	3

During the reporting period, no highest paid employees waived or agree to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC Corporate Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the Company and subsidiaries which operate in Mainland China were subject to CIT at a rate of 25% on the taxable income during the year.

Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, while the subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the year.

Macau Complementary Tax

Macau complementary tax was calculated at the excess progressive rate of 3% to 12% on the estimated assessable profit during the year.

Singapore Income Tax

Singapore Income Tax was calculated at 17% of the estimated assessable profits during the year.

The income tax expenses for the year are as follows:

	2024 RMB'000	2023 RMB'000
Current	**482,330**	140,471
Deferred *(note 24)*	**(8,889)**	(3,304)
Total	**473,441**	137,167

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the Mainland China where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**1,946,547**	553,469
Tax at the statutory tax rate of 25%	**486,637**	138,367
Lower tax rate for specific provinces or enacted by local authority	**(24,454)**	(2,726)
Expenses not deductible for tax	**3,129**	149
Equity-settled share-based payments not deductible for tax	**7,156**	2,158
Adjustments in respect of current tax of previous years	**1,615**	(444)
Tax losses utilised from previous years	**(1,005)**	(337)
Deductible temporary difference and tax losses not recognised	**363**	–
Tax charge at the Group's effective rate	**473,441**	137,167

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the reporting period. Based on the assessment of the Group, the Group does not expect a material exposure to Pillar Two income taxes.

11. DIVIDENDS

No dividends have been declared or paid by the Company during the year.

Subsequent to the end of the reporting period, a final dividend of RMB6.35 per share based on the number of issued shares as at the date of the annual report (2023: nil), totaling approximately RMB1,070 million (2023: nil) in respect of the year ended December 31, 2024 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 155,538,217 (2023: 137,425,582) outstanding during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended December 31, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

The calculation of basic and diluted earnings per share is based on:

	2024 *RMB'000*	2023 *RMB'000*
Earnings: Profit attributable to ordinary equity holders of the Company	**1,473,106**	416,302
	Number of shares	
	2024	2023
Shares: Weighted average number of ordinary shares outstanding during the year	**155,538,217**	137,425,582

13. PROPERTY, PLANT AND EQUIPMENT

December 31, 2024

	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Devices and equipment RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Total RMB'000
At January 1, 2024						
Cost	87,951	35,863	5,379	2,613	8,009	139,815
Accumulated depreciation	(56,523)	(18,624)	(3,637)	(918)	(2,564)	(82,266)
Net carrying amount	31,428	17,239	1,742	1,695	5,445	57,549
At January 1, 2024, net of accumulated depreciation	31,428	17,239	1,742	1,695	5,445	57,549
Additions	74,850	18,923	2,818	990	3,003	100,584
Disposals	(1,216)	(2,622)	(73)	–	(198)	(4,109)
Depreciation provided during the year	(32,203)	(6,460)	(1,304)	(606)	(915)	(41,488)
Exchange realignment	62	57	1	–	–	120
At December 31, 2024, net of accumulated depreciation	72,921	27,137	3,184	2,079	7,335	112,656
At December 31, 2024						
Cost	161,585	49,118	8,028	3,604	10,598	232,933
Accumulated depreciation	(88,664)	(21,981)	(4,844)	(1,525)	(3,263)	(120,277)
Net carrying amount	72,921	27,137	3,184	2,079	7,335	112,656

December 31, 2023

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Devices and equipment *RMB'000*	Motor vehicles *RMB'000*	Plant and machinery *RMB'000*	Total *RMB'000*
At January 1, 2023						
Cost	70,923	29,504	4,373	905	6,313	112,018
Accumulated depreciation	(38,902)	(15,360)	(2,723)	(502)	(1,857)	(59,344)
Net carrying amount	32,021	14,144	1,650	403	4,456	52,674
At January 1, 2023, net of accumulated depreciation	32,021	14,144	1,650	403	4,456	52,674
Additions	18,631	8,739	1,049	1,708	1,696	31,823
Disposals	(288)	(404)	(2)	–	–	(694)
Depreciation provided during the year	(18,271)	(5,251)	(955)	(416)	(707)	(25,600)
Exchange realignment	(665)	11	–	–	–	(654)
At December 31, 2023, net of accumulated depreciation	31,428	17,239	1,742	1,695	5,445	57,549
At December 31, 2023						
Cost	87,951	35,863	5,379	2,613	8,009	139,815
Accumulated depreciation	(56,523)	(18,624)	(3,637)	(918)	(2,564)	(82,266)
Net carrying amount	31,428	17,239	1,742	1,695	5,445	57,549

14. LEASES

The Group as a lessee

The Group has lease contracts for various office premises, buildings and stores used in its operations. Leases of office premises, buildings and stores generally have lease terms between 1 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises and buildings *RMB'000*	Stores *RMB'000*	Total *RMB'000*
As at January 1, 2023	32,925	162,801	195,726
Additions	4,776	129,322	134,098
Depreciation charge	(12,127)	(79,280)	(91,407)
Revision of a lease term arising from a change in the non-cancellable period of a lease	581	12,649	13,230
Exchange realignment	3	569	572
As at December 31, 2023 and January 1, 2024	**26,158**	**226,061**	**252,219**
Additions	**20,364**	**91,473**	**111,837**
Depreciation charge	**(15,508)**	**(121,163)**	**(136,671)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**4,294**	**69,143**	**73,437**
Exchange realignment	**27**	**1,370**	**1,397**
As at December 31, 2024	**35,335**	**266,884**	**302,219**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of the year	**266,813**	198,697
New leases	**111,135**	133,585
Accretion of interest recognised during the year	**14,542**	10,415
Revision of a lease term arising from a change in the non-cancellable period of a lease	**73,436**	13,180
Payments	**(150,812)**	(89,690)
Exchange realignment	**1,498**	626
Carrying amount at end of the year	**316,612**	266,813
Analysed into:		
Current portion	**152,786**	101,394
Non-current portion	**163,826**	165,419
	316,612	266,813

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statement and the total cash outflow for leases is disclosed in note 29(c).

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**14,542**	10,415
Depreciation charge of right-of-use assets	**136,671**	91,407
Expense relating to short-term leases	**36,847**	31,485
Variable lease payments not included in the measurement of lease liabilities	**515,711**	164,942
Total amount recognised in profit or loss	**703,771**	298,249

(d) Extension and termination options

The Group has several lease contracts that include extension and termination options but the Group did not expect to exercise such options.

(e) Variable lease payments

The Group leased a number of the retail stores and units in shopping malls which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping malls. There are also minimum annual base rental arrangements for these leases. The following summary provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

Year ended December 31, 2024

	Fixed payments *RMB'000*	**Variable payments** *RMB'000*	**Total** *RMB'000*
Fixed rent	**86,137**	**–**	**86,137**
Variable rent with a minimum rental payment	**101,528**	**515,711**	**617,239**
Total	**187,665**	**515,711**	**703,376**

Year ended December 31, 2023

	Fixed payments *RMB'000*	Variable payments *RMB'000*	Total *RMB'000*
Fixed rent	56,002	–	56,002
Variable rent with a minimum rental payment	65,173	164,942	230,115
Total	121,175	164,942	286,117

15. OTHER INTANGIBLE ASSETS

December 31, 2024

	Trademark *RMB'000*	Software *RMB'000*	Others *RMB'000*	Total *RMB'000*
At January 1, 2024:				
Cost	**1,146**	**4,942**	**1,467**	**7,555**
Accumulated amortisation	**(412)**	**(3,339)**	**(927)**	**(4,678)**
Net carrying amount	**734**	**1,603**	**540**	**2,877**
At January 1, 2024, net of accumulated amortisation	**734**	**1,603**	**540**	**2,877**
Additions	**121**	**155**	**851**	**1,127**
Amortisation provided during the year	**(134)**	**(562)**	**(193)**	**(889)**
Exchange realignment	**–**	**–**	**8**	**8**
At December 31, 2024, net of accumulated amortisation	**721**	**1,196**	**1,206**	**3,123**
At December 31, 2024:				
Cost	**1,267**	**5,097**	**2,326**	**8,690**
Accumulated amortisation	**(546)**	**(3,901)**	**(1,120)**	**(5,567)**
Net carrying amount	**721**	**1,196**	**1,206**	**3,123**

December 31, 2023

	Trademark *RMB'000*	Software *RMB'000*	Others *RMB'000*	Total *RMB'000*
At January 1, 2023:				
Cost	923	4,677	1,258	6,858
Accumulated amortisation	(292)	(2,689)	(812)	(3,793)
Net carrying amount	631	1,988	446	3,065
At January 1, 2023, net of accumulated amortisation	631	1,988	446	3,065
Additions	223	265	209	697
Amortisation provided during the year	(120)	(650)	(115)	(885)
At December 31, 2023, net of accumulated amortisation	734	1,603	540	2,877
At December 31, 2023:				
Cost	1,146	4,942	1,467	7,555
Accumulated amortisation	(412)	(3,339)	(927)	(4,678)
Net carrying amount	734	1,603	540	2,877

16. INVENTORIES

	2024 ***RMB'000***	2023 *RMB'000*
Finished goods	**2,547,046**	791,294
Raw materials	**837,219**	292,001
Work in progress	**700,580**	182,236
Goods in transit	**3,004**	2,401
Total	**4,087,849**	1,267,932

At December 31, 2024, the Group did not have pledged inventory (2023: RMB30,000,000), as further detailed in note 23 to the financial statements.

Write-downs of inventories to net realisable value amounted to RMB530,000 for year ended December 31, 2024 (2023: RMB1,745,000) included in "Profit before tax" during the year.

17. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**812,001**	381,082
Impairment	**(10,785)**	(4,757)
Total	**801,216**	376,325

The Group's trade receivables usually generate from sales through boutiques and online platforms which help collect sales proceeds. The Group usually grants a credit period of within 30 or 60 days to the relevant shopping malls and online platforms. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The fair values of trade receivables at the end of reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of revenue recognition and net of loss allowance for impairment, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**643,547**	329,797
1 to 2 months	**73,703**	22,821
2 to 3 months	**49,881**	23,702
Over 3 months	**34,085**	5
Total	**801,216**	376,325

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	**4,757**	1,221
Impairment losses, net *(note 7)*	**6,028**	3,536
Exchange realignment	**–***	–*
At end of the year	**10,785**	4,757

* The amount of exchange realignment is less than 1 thousand.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, used to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2024

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate*	1.33%	1.33%	1.33%	–	1.33%	1.33%
Gross carrying amount *(RMB'000)*	706,753	69,076	36,167	–	5	812,001
Expected credit losses *(RMB'000)*	9,388	917	480	–	–*	10,785

At December 31, 2023

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate*	1.25%	1.25%	1.25%	–	1.25%	1.25%
Gross carrying amount *(RMB'000)*	333,966	23,109	24,002	–	5	381,082
Expected credit losses *(RMB'000)*	4,169	288	300	–	–*	4,757

* Discrepancies between the ECL rate and amounts listed are due to the rounding up of figures.

There was no significant change in the ECL rates for the time band during the year, which was mainly due to no significant changes in the historical default rates of trade receivables, economic conditions and performance and behaviour of the debtors based on which the ECL rates are determined.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Current		
Prepayments	**36,495**	35,341
Deposits	**17,286**	17,634
Other receivables	**1,122**	551
Tax recoverable	**157,191**	9,298
Subtotal	**212,094**	62,824
Impairment	**(527)**	(1,083)
Total	**211,567**	61,741
Non-current		
Deposits	**51,865**	31,699
Other assets	**14,774**	27,414
Subtotal	**66,639**	59,113
Impairment	**(2,593)**	(1,585)
Total	**64,046**	57,528

The movements in the loss allowance for impairment of prepayments, deposits and other assets are as follows:

	2024 **RMB'000**	2023 RMB'000
At beginning of the year	**2,668**	1,440
Impairment loss,net *(note 7)*	**425**	1,238
Write-off	**–**	(19)
Exchange realignment	**27**	9
At end of the year	**3,120**	2,668

19. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	**732,650**	69,838
Denominated in:		
RMB	**460,202**	42,646
HK$	**261,555**	24,240
MOP	**10,893**	2,952
Total	**732,650**	69,838

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 1 month	**204,607**	29,829
1 to 2 months	**17,862**	27,621
2 to 3 months	**3,701**	119
Over 3 months	**2,027**	93
Total	**228,197**	57,662

Trade payables to third parties of the Company are non-interest-bearing. The trade payables to third parties are normally settled on credit terms of one to three months after the invoice date.

The fair values of trade payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

21. OTHER PAYABLES AND ACCRUALS

	Note	2024 RMB'000	2023 RMB'000
Current			
Deposits		**14,020**	3,800
Salary and welfare payables		**111,431**	63,268
Other payables		**66,472**	25,686
Accruals		**94,555**	27,340
Interest payable		**391**	110
Other tax payable		**83,066**	19,886
Total		**369,935**	140,090
Non-current			
Provisions	*(a)*	**3,123**	2,418

(a) Non-current portion of other payables and accruals mainly represented provisions in relation to the projected restoration costs for boutiques.

22. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advances received from customers	**9,894**	27,766

Contract liabilities include advances received to deliver goods. The advances recognised as revenue at the time of delivery of goods.

23. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2024			2023		
	Effective Interest rate *(%)*	**Maturity**	***RMB'000***	Effective Interest rate *(%)*	Maturity	*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	2.24–3.98	2024	127,754
Bank loans – unsecured	**2.93–5.00**	**2025**	**1,373,461**	–	–	–
			1,373,461			127,754

Notes:

(i) All interest-bearing bank loans and other borrowings are denominated in RMB.

(ii) The following assets were pledged as securities for interest-bearing bank and other borrowings:

	2024 ***RMB'000***	2023 *RMB'000*
Inventories	**–**	30,000

(iii) As at December 31, 2024, the Group's total facilities for bank and other borrowings amounted to RMB1,750,000,000 (2023: RMB127,754,000) of which RMB1,373,461,000 (2023: RMB127,754,000) had been utilised.

(iv) No bank borrowing of the Group was guaranteed and counter-guaranteed by related parties as at December 31, 2024. As at December 31, 2023, RMB129,000,000 of bank borrowings of the Group was guaranteed and counter-guaranteed by related parties, details of which are set out in the note 33(d) to the financial statements.

(v) No bank borrowing of the Group was guaranteed by a third party guarantee company as at December 31, 2024. As at December 31, 2023, RMB99,000,000 of bank borrowings of the Group was guaranteed by a third party guarantee company.

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairment provision of financial assets *RMB'000*	Impairment provision of inventories *RMB'000*	Lease liabilities *RMB'000*	Amortisation of intangible assets *RMB'000*	Accrued expenses *RMB'000*	Government grants *RMB'000*	Tax losses *RMB'000*	Internal transactions *RMB'000*	Total *RMB'000*
At January 1, 2023	602	208	46,239	197	362	223	–	7,599	55,430
Deferred tax credited/ (charged) to profit or loss during the year *(note 10)*	1,101	243	3,548	(48)	(65)	65	426	(205)	5,065
At December 31, 2023 and January 1, 2024	**1,703**	**451**	**49,787**	**149**	**297**	**288**	**426**	**7,394**	**60,495**
Deferred tax credited/ (charged) to profit or loss during the year *(note 10)*	**1,591**	**(160)**	**14,285**	**(50)**	**290**	**(58)**	**(426)**	**6,864**	**22,336**
Exchange realignment	**4**	**–**	**41**	**–**	**–**	**–**	**–**	**(2)**	**43**
At December 31, 2024	**3,298**	**291**	**64,113**	**99**	**587**	**230**	**–**	**14,256**	**82,874**

Deferred tax liabilities

	Right-of-use assets *RMB'000*
At January 1, 2023	46,196
Deferred tax credited to profit or loss during the year *(note 10)*	1,761
At December 31, 2023 and January 1, 2024	**47,957**
Deferred tax credited to profit or loss during the year *(note 10)*	**13,447**
Exchange realignment	**38**
At December 31, 2024	**61,442**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 **RMB'000**	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**21,432**	12,538

Deferred tax assets have not been recognised in respect of the following item:

	2024 **RMB'000**	2023 RMB'000
Tax losses	**2,137**	–
Total	**2,137**	–

The Group has accumulated tax losses and deductible temporary difference of RMB2,137,000 in Singapore as at December 31, 2024 and of RMB13,783,000 in Hong Kong at December 31, 2023. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of losses as they have arisen in Singapore that has been loss-making for some time as it was newly set up and it is not sure to be probable that taxable profits will be available against which the tax losses can be utilised.

25. DEFERRED INCOME

	2024 **RMB'000**	2023 RMB'000
Government grants	**920**	1,150
At beginning of year	**1,150**	893
Grants received during the year	**–**	812
Released to the statement of profit or loss during the year	**(230)**	(555)
At end of year	**920**	1,150

26. SHARE CAPITAL

Shares

	2024 *RMB*	2023 *RMB*
Authorised and fully paid: Ordinary shares with par value of RMB1.00 each	**168,366,700**	142,642,500

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital *RMB*
At January 1, 2023	136,500,000	136,500,000
Issuance of ordinary shares *(note a)*	6,142,500	6,142,500
At December 31, 2023 and January 1, 2024	**142,642,500**	**142,642,500**
Issuance of ordinary shares *(note b)*	**25,724,200**	**25,724,200**
At December 31, 2024	**168,366,700**	**168,366,700**

Notes:

(a) In connection with the Pre-IPO, 6,142,500 ordinary shares of a par value of RMB1.00 each were issued at a price of approximately RMB36.63 per share at a total cash consideration, before deducting the share issue expense, of RMB225,000,000.

(b) In connection with the IPO and the full exercise of the over-allotment option, 25,724,200 ordinary shares of a par value of RMB1.00 each were issued at a price of HK$40.50 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of HK$1,041,830,100.

27. SHARE-BASED PAYMENTS

The Group approved and adopted the stock incentive scheme (the "Stock Incentive Plan") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of Share Incentive Participants to the growth and development of the Group, and incentivize them to further promote the development of the Group.

In order to implement the Stock Incentive Plan, Tianjin Jincheng Enterprise Management Consulting Partnership (Limited Partnership) ("Tianjin Jincheng"), Tianjin Jinji Enterprise Management Consulting Partnership (Limited Partnership) ("Tianjin Jinji"), Tianjin Jinyong Enterprise Management Consulting Partnership (Limited Partnership) ("Tianjin Jinyong") and Beijing Jinli Enterprise Management Consulting Partnership (Limited Partnership) ("Beijing Jinli") were established and designated as stock incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On August 20, 2018, the Group awarded 13,420,000 restricted share units ("RSUs") of the Group as aforementioned to 65 eligible employees at a subscribed price of RMB3.50. On April 23, 2019, the Group awarded 2,540,000 restricted share units of the Group as aforementioned to 68 eligible employees at a subscribed price of RMB4.00. On October 12, 2023, the Group granted 1,900,000 restricted share units of the Group to 56 eligible employees at a subscribed price of RMB7.90.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a listing-based condition (the "IPO Condition") and a service-based condition (the "Service Condition"). The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied that the employee should remain in service during the prescribed period and there were no performance related requirements.

The fair value of the RSUs granted on August 20, 2018 was estimated at RMB4.50 per share respectively as at the date of grant by reference to recent financing valuation of the Group.

The fair value of the RSUs granted on April 23, 2019 was estimated at RMB4.38 per share by an independent professionally qualified valuer.

The fair value of the RSUs granted on October 12, 2023 was estimated at RMB36.63 per share paid under the Pre-IPO Investments.

Share-based payment expenses recognised amounted to RMB28,626,000 and RMB8,633,000 by the Group during the years ended December 31, 2024 and 2023, respectively.

The following RSUs were outstanding under the Stock Incentive Plan during the reporting period:

	2024 Number of RSUs '000	2023 Number of RSUs '000
At the beginning of the year	**17,020**	15,260
Granted during the year	**–**	1,900
Vested during the year	**(5,780)**	–
Forfeited during the year	**–**	(140)
At the end of the year	**11,240**	17,020

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity on page 85 of the financial statements.

Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed and the capital contribution from controlling shareholder.

Share-based payment reserve

The Group's share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards details of the movements are set out in the consolidated statements of changes in equity.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital of the Company and subsidiaries provided that the reserve balance after such conversion is not less than 25% of the registered capital of the Company and subsidiaries. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences due to the translation of the financial statements of group companies whose functional currencies are different from the Group's presentation currency.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2024 and 2023, the Group had non-cash additions, remeasurement and revision to right-of-use assets of RMB185,274,000 and RMB147,328,000, respectively, with the corresponding same amounts of lease liabilities and provision, respectively, in respect of lease arrangements for office premises and buildings and stores.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities *RMB'000*
At January 1, 2023	136,231	198,697
Changes from financing cash flows	(16,138)	(89,690)
Interest expenses	7,661	10,415
New leases	–	133,585
Revision of non-cancellable a lease term arising from a change in the period of a lease	–	13,180
Effect of foreign exchange rate changes, net	–	626
At December 31, 2023 and January 1, 2024	**127,754**	**266,813**
Changes from financing cash flows	**1,230,122**	**(150,812)**
Interest expenses	**15,585**	**14,542**
New leases	**–**	**111,135**
Revision of non-cancellable a lease term arising from a change in the period of a lease	**–**	**73,436**
Effect of foreign exchange rate changes, net	**–**	**1,498**
At December 31, 2024	**1,373,461**	**316,612**

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows is as follows:

	2024 *RMB'000*	2023 *RMB'000*
With operating activities	**552,558**	196,427
With financing activities	**150,812**	89,690
Total	**703,370**	286,117

30. CONTINGENT LIABILITIES

At the end of the reporting year, the Group did not have any significant contingent liabilities.

31. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank loans and other borrowings, which are secured by the assets of the Group, are included in note 16 and 23, respectively, to the financial statements.

32. COMMITMENTS

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

	2024 ***RMB'000***	2023 *RMB'000*
Contracted, but not provided for leasehold improvements	**3,632**	2,569

33. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties/company are related parties that had material transactions or balances with the Group during the year.

(a) Name and relationship of related parties*

Name	**Relationship**
Beijing Wenfang Culture Development Co., Ltd.	Controlled by the controlling shareholder
Mr. Xu Gaoming	Ultimate controlling shareholder
Mr. Xu Dongbo	Ultimate controlling shareholder
Ms. Li Zhengrong	Close family member of the controlling shareholder
Mr. Xu Weiming	Close family member of the controlling shareholder
Ms. Jiang Youhong	Close family member of the controlling shareholder
Mr. Sui Wu	Supervisor
Ms. Peng Liuhua	Chairperson of the Supervisory
Mr. Chen Wang	Close family member of Ms. Peng Liuhua
Ms. Li Jia	Chief Financial Officer
Mr. Zhang Nan	Close family member of Ms. Li Jia
Mr. Feng Jianjun	Director
Ms. Xiao Yanhui	Supervisor
Ms. Wu Yanjun	Key management personnel of the Group
Dr. He Yurun	Independent Non-executive Director

* The English names of all the above related parties represent the best effort made by the directors of the Group to translate the Chinese names as these related parties have not been registered with any official English names.

(b) Sales of goods to related parties during the year were as follows:

	2024 *RMB'000*	2023 *RMB'000*
Related parties:		
Mr. Xu Gaoming	**986**	2,442
Mr. Chen Wang	**64**	–
Ms. Li Jia	**38**	10
Ms. Wu Yanjun	**73**	9
Ms. Peng Liuhua	**87**	–
Mr. Sui Wu	**2**	–
Dr. He Yurun*	**43**	–
Total	**1,293**	2,461

* The amount of transactions with the related party only includes the amount for the period during which she was a related party of the Group.

The transaction amounts above included the transaction amounts with the related parties and their family members.

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

(c) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group had no outstanding balances with any related party at December 31, 2024 and 2023.

(d) The guarantee from related parties

No related party of the Group has provided guarantees in connection with interest-bearing bank borrowings as at December 31, 2024.

Certain related parties of the Group have provided guarantees and counter-guarantees in connection with interest-bearing bank borrowings up to RMB129,000,000 as at December 31, 2023.

As at December 31, 2023, certain of the Group's interest-bearing bank borrowings comprised:

(i) RMB50,000,000 counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Ms. Wu Yanjun and Beijing Wenfang Culture Development Co., Ltd. at an interest rate of 3.55%;

(ii) RMB49,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Mr. Zhang Nan, Mr. Feng Jianjun and Beijing Wenfang Culture Development Co., Ltd. at an interest rate of 3.95%;

(iii) RMB20,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong and Yueyang Laopu Gold Filigree Handcraft Co., Ltd. at an interest rate of 3.95%;

(iv) RMB10,000,000 guaranteed by Mr. Xu Gaoming and Mr. Xu Dongbo at an interest rate of 2.20%.

(e) Compensation of key management personnel of the Group

Details of the compensation of key management personnel of the Group are disclosed as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**22,324**	14,986
Pension scheme contributions	**568**	504
Equity-settled share-based payments	**525**	445
Total	**23,417**	15,935

34. FINANCIAL INSTRUMENTS BY CATEGORY

Both the financial assets and liabilities of the Group as at the end of the reporting period were measured at amortised cost and their carrying amounts are as follows:

Financial assets

	2024 RMB'000	2023 RMB'000
Financial assets at amortised cost		
Trade receivables	**801,216**	376,325
Financial assets included in prepayments, deposits and other receivables	**67,153**	47,216
Cash and cash equivalents	**732,650**	69,838
Total	**1,601,019**	493,379

Financial liabilities

	2024 RMB'000	2023 RMB'000
Financial liabilities at amortised cost		
Trade payables	**228,197**	57,662
Financial liabilities included in other payables and accruals	**175,438**	56,936
Lease liabilities	**316,612**	266,813
Interest-bearing bank and other borrowings	**1,373,461**	127,754
Total	**2,093,708**	509,165

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the financial assets and liabilities are included in the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sales.

The fair values of financial assets included in prepayments, deposits and other receivables (non-current) and financial liabilities included in other payables and accruals (non-current) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group's own non-performance risk for financial assets included in prepayments, deposits and other receivables (non-current) and financial liabilities included in other payables and accruals (non-current) as at December 31, 2024 and 2023 were assessed to be insignificant, respectively.

The Group's finance department headed by the director of finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The director of finance department reports directly to the board of directors of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the director of finance department.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as the customer bases of the Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31,.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2024

	12-month ECLs	Lifetime ECLs	
	Stage 1 *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables*	**–**	**812,001**	**812,001**
Financial assets included in prepayments, deposits and other assets			
– Normal**	**70,273**	**–**	**70,273**
Cash and cash equivalents			
– Not yet past due	**732,650**	**–**	**732,650**
Total	**802,923**	**812,001**	**1,614,924**

As at December 31, 2023

	12-month ECLs	Lifetime ECLs	
	Stage 1 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	381,082	381,082
Financial assets included in prepayments, deposits and other assets			
– Normal**	49,884	–	49,884
Cash and cash equivalents			
– Not yet past due	69,838	–	69,838
Total	119,722	381,082	500,804

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group aims to utilise interest-bearing bank and other borrowings and lease liabilities to maintain the balance between the consistency and flexibility financing activities.

The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

At December 31, 2024

	On demand *RMB'000*	Within one year *RMB'000*	One to two years *RMB'000*	Two to three years *RMB'000*	Three to five years *RMB'000*	Over five years *RMB'000*	Total *RMB'000*
Trade payables	–	228,197	–	–	–	–	228,197
Financial liabilities included in other payables and accruals	–	175,438	–	–	–	–	175,438
Lease liabilities	–	164,839	114,144	46,124	9,589	–	334,696
Interest-bearing bank and other borrowings	–	1,409,415	–	–	–	–	1,409,415
Total	–	1,977,889	114,144	46,124	9,589	–	2,147,746

At December 31, 2023

	On demand *RMB'000*	Within one year *RMB'000*	One to two years *RMB'000*	Two to three years *RMB'000*	Three to five years *RMB'000*	Over five years *RMB'000*	Total *RMB'000*
Trade payables	–	57,662	–	–	–	–	57,662
Financial liabilities included in other payables and accruals	–	56,936	–	–	–	–	56,936
Lease liabilities	–	114,726	86,676	61,414	23,113	8,412	294,341
Interest-bearing bank and other borrowings	–	129,938	–	–	–	–	129,938
Total	–	359,262	86,676	61,414	23,113	8,412	538,877

Foreign currency risk

The management believe the exchange risk of foreign currency is not significant as the majority of business transactions occur in Mainland China and all domestic transactions are denominated in RMB.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a debt ratio, which is total assets divided by total liabilities. The debt ratios at the end of each of the reporting year are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Total assets	**6,336,758**	2,158,547
Total liabilities	**2,416,435**	643,131
Debt ratio	**38%**	30%

37. EVENTS AFTER THE REPORTING PERIOD

RSU Scheme

On February 26, 2025, the Company adopted the stock incentive scheme. The Company will issue new H Shares, instruct the Trustee to purchase H Shares (either on-market or off-market), and/or transfer treasury Shares to the Trustee as underlying shares for the purpose of the RSU Scheme. The maximum total number of H Shares which may be issued in respect of all the Awarded Shares to be granted under the Scheme Mandate Limit is 9,477,486 H Shares, representing approximately 5.6% of the total number of issued Shares (excluding treasury Shares) of the Company as at the Adoption Date and approximately 10% of the total number of issued H Shares (excluding treasury Shares) of the Company.

On February 26, 2025, the Company granted a total of 597,000 Awarded Shares to 27 employees in accordance with the terms of the RSU Scheme. On April 24, 2025, the Company granted a total of 120,000 Awarded Shares to 21 employees in accordance with the terms of the RSU Scheme.

Following the grant of the above Awarded Shares, 8,760,486 H Shares underlying the Awarded Shares are available for future grant under the RSU Scheme.

Proposed Implementation of the H Share Full Circulation by the Company

On March 7, 2025, the CSRC issued a Filing Notice in respect of the H Share Full Circulation. According to the Filing Notice, the filing with the CSRC in relation to the H Share Full Circulation, in respect of the conversion of 40,388,900 Unlisted Shares held by three shareholders of the Company into 40,388,900 H shares has been completed. On April 1, 2025, the Company obtained the Stock Exchange's approval for the listing of, and permission to deal in, such H Shares on the Main Board of the Stock Exchange. On April 3, 2025, the conversion had been completed and the Converted H Shares commenced on the Stock Exchange on April 7, 2025.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	December 31, 2024 RMB'000	December 31, 2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**336,021**	243,403
Property, plant and equipment	**50,770**	32,161
Right-of-use assets	**229,469**	179,881
Other intangible assets	**2,638**	2,835
Deferred tax assets	**6,419**	3,468
Prepayments, deposits and other assets	**33,315**	15,725
Total non-current assets	**658,632**	477,473
CURRENT ASSETS		
Inventories	**3,453,982**	1,096,075
Trade receivables	**788,021**	372,870
Amounts due from subsidiaries	**26,898**	36
Prepayments, deposits and other assets	**189,578**	55,295
Cash and cash equivalents	**662,860**	41,311
Total current assets	**5,121,339**	1,565,587
CURRENT LIABILITIES		
Trade payables	**106,069**	52,128
Amounts due to subsidiaries	**4,004**	48,099
Other payables and accruals	**250,884**	126,541
Interest-bearing bank and other borrowings	**1,363,461**	127,754
Contract liabilities	**9,691**	27,575
Lease liabilities	**111,445**	72,025
Tax payable	**139,912**	13,958
Total current liabilities	**1,985,466**	468,080
NET CURRENT ASSETS	**3,135,873**	1,097,507
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,794,505**	1,574,980

	December 31, 2024 RMB'000	December 31, 2023 RMB'000
NON-CURRENT LIABILITIES		
Other payables and accruals	**2,886**	2,262
Lease liabilities	**128,384**	114,819
Total non-current liabilities	**131,270**	117,081
Net assets	**3,663,235**	1,457,899
EQUITY		
Equity attributable to owners of the Company		
Share capital	**168,367**	142,643
Reserves	**3,494,868**	1,315,256
Total equity	**3,663,235**	1,457,899

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

	Share premium *RMB'000*	Share-based payment reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At January 1, 2023	384,340	11,621	38,346	279,558	713,865
Profit for the year	–	–	–	377,150	377,150
Issuance of ordinary shares	218,858	–	–	–	218,858
Share issue expenses	(3,250)	–	–	–	(3,250)
Transfer from retained profits	–	–	37,715	(37,715)	–
Share-based payments	–	8,633	–	–	8,633
At December 31, 2023	599,948	20,254	76,061	618,993	1,315,256
At January 1, 2024	**599,948**	**20,254**	**76,061**	**618,993**	**1,315,256**
Profit for the year	**–**	**–**	**–**	**1,280,168**	**1,280,168**
Issuance of ordinary shares	**925,244**	**–**	**–**	**–**	**925,244**
Share issue expenses	**(54,426)**	**–**	**–**	**–**	**(54,426)**
Transfer from retained profits	**–**	**–**	**8,122**	**(8,122)**	**–**
Share-based payments	**–**	**28,626**	**–**	**–**	**28,626**
At December 31, 2024	**1,470,766**	**48,880**	**84,183**	**1,891,039**	**3,494,868**

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 31, 2025.