

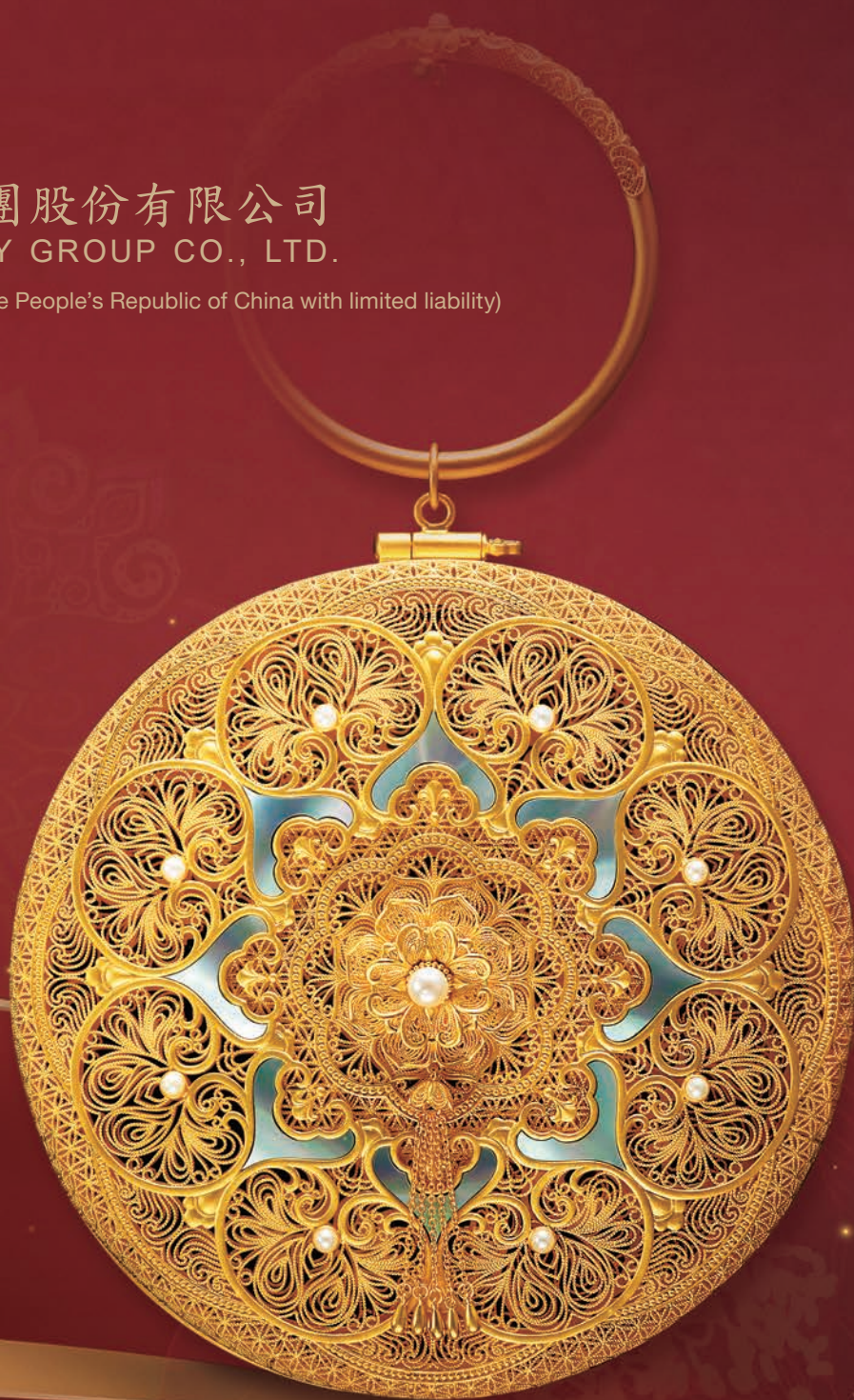
梦金园
MOKINGRAN

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

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

Stock Code: 2585

INTERIM
REPORT
2025





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Zhongshan (*Chairman*)
Ms. ZHANG Xiuqin
Mr. WANG Guoxin (*appointed with effect from May 16, 2025*)
Mr. WANG Zegang
Ms. JIANG Liying (*retired with effect from May 16, 2025*)

Independent Non-executive Directors

Mr. BAI Xianyue
Mr. WENG Xin (*appointed with effect from May 16, 2025*)
Mr. DING Xiaodong (*appointed with effect from May 16, 2025*)
Mr. WANG Gongyong (*retired with effect from May 16, 2025*)
Mr. HUANG Fangliang (*retired with effect from May 16, 2025*)

STRATEGY AND SUSTAINABILITY COMMITTEE

Mr. WANG Zhongshan (*Chairman*)
Ms. ZHANG Xiuqin
Mr. WANG Guoxin (*appointed with effect from May 16, 2025*)
Mr. WANG Zegang
Mr. BAI Xianyue (*appointed with effect from May 16, 2025*)
Ms. JIANG Liying (*retired with effect from May 16, 2025*)

AUDIT COMMITTEE

Mr. DING Xiaodong (*Chairman*) (*appointed with effect from May 16, 2025*)
Mr. WENG Xin (*appointed with effect from May 16, 2025*)
Mr. BAI Xianyue
Mr. WANG Gongyong (*Chairman*) (*retired with effect from May 16, 2025*)
Mr. HUANG Fangliang (*retired with effect from May 16, 2025*)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. WENG Xin (*Chairman*) (*appointed with effect from May 16, 2025*)
Mr. WANG Guoxin (*appointed with effect from May 16, 2025*)
Mr. DING Xiaodong (*appointed with effect from May 16, 2025*)
Mr. HUANG Fangliang (*Chairman*) (*retired with effect from May 16, 2025*)
Ms. JIANG Liying (*retired with effect from May 16, 2025*)
Mr. WANG Gongyong (*retired with effect from May 16, 2025*)

NOMINATION COMMITTEE

Mr. BAI Xianyue (*Chairman*) (*appointed as member of nomination committee with effect from January 14, 2025*)
Ms. ZHANG Xiuqin (*appointed as member of nomination committee with effect from May 16, 2025*)
Mr. WENG Xin (*appointed with effect from May 16, 2025*)
Mr. WANG Zegang (*cease to be member of nomination committee with effect from May 16, 2025*)
Mr. HUANG Fangliang (*retired with effect from May 16, 2025*)

JOINT COMPANY SECRETARIES

Mr. WANG Zegang
Ms. YU Wing Sze

AUTHORIZED REPRESENTATIVES

Mr. WANG Zegang
Ms. YU Wing Sze

COMPANY'S WEBSITE

<http://www.mokingran.com>

CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

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

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

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPLIANCE ADVISER

Rainbow Capital (HK) Limited

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited, Changle Branch

376 Limin Street
Changle County
Weifang City
Shandong Province
The People's Republic of China

Agricultural Bank of China Limited, Weifang Branch

1777 Hongyang Street
Changle County
Weifang City
Shandong Province
The People's Republic of China

H SHARE REGISTRAR

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

LEGAL ADVISERS TO THE COMPANY

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

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

INVESTOR RELATIONS CONTACT

mjy9999@mokingran.com

STOCK CODE

02585

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

High gold prices continue to dampen consumer purchasing intentions

In the first half of 2025, macroeconomic and geopolitical uncertainties continued to persist. Gold prices surged notably between January and April 2025, and although the market entered a more stable phase from May 2025 onwards, gold prices remained at elevated levels. Retail investment demand for gold remained resilient, but consumers became more cautious with non-essential spending, resulting in continued weakened consumption sentiment for gold jewellery. According to data quoted on the Shanghai Gold Exchange, during the first half of 2025, the average closing price of Au9999 gold on a per gram basis was over RMB200 higher than the corresponding period last year.

According to data from the China Gold Association, domestic gold consumption in China reached 505.205 tons in the first half of 2025, representing a period-on-period decline of 3.54%, out of which, gold jewellery consumption totalled 199.826 tons, representing a period-over-period decrease of 26.0%; whereas consumption of gold bullion and coins rose by 23.69% to 264.242 tons. Gold consumption for industrial and other uses grew by 2.59% to 41.137 tons. The aforementioned changes were mainly attributable to rising gold prices, which dampened demand for gold jewellery and accessories. Higher gold prices also prompted a shift in consumer behaviour, with demand for traditional jewellery falling sharply, while interest in investment products such as gold bullion and coins increasing significantly.

While consumer sentiment for gold jewellery weakened, gold investment remained strong. Factors such as economic uncertainty, RMB depreciation, and stock market volatility reinforced gold's appeal as a safe-haven asset. Although the Chinese gold jewellery market continues to face challenges from high gold prices and evolving consumer preferences, ongoing design innovation, increased cultural relevance, and sustained strength in gold investment point to a stable outlook and continued growth potential for the industry.

Sales channels have been increasingly dominated by E-commerce

The purchasing power of young consumers has grown significantly with the rise of e-commerce and live-streaming platforms. Compared to traditional offline brick-and-mortar stores, jewellery sales on e-commerce platforms have shown remarkable growth. Meanwhile, as online e-commerce platforms popularity grow, gold jewellery sales are no longer constrained by geographical limitations. Through online platforms, gold jewellery manufacturers can distribute products nationwide and even reach overseas market.

The consumer base for gold jewellery is increasingly becoming younger with the rising trend of Chinese cultural aesthetics

Gold, with its historical and cultural symbolism of prosperity, good fortune and status, has become a sought-after adornment for consumers who value identity expression and cultural heritage. Styles blending modern fashion with traditional cultural heritage elements are gaining prominence, showcasing gold jewellery that resonates with Oriental aesthetics. Young consumers increasingly favor pieces that not only complement their attire but also convey narratives and evoke cultural pride. This shift has spurred design innovations that merge traditional craftsmanship with contemporary interpretations, further driving demand for gold jewellery. Additionally, as gold is often associated with auspicious occasions such as weddings and festivals, consumers are increasingly drawn to its beauty and symbolic meaning when celebrating traditional holidays or attending significant events. The enduring appeal of gold continues to grow, elevating not only the prestige of gold jewellery but also strengthening consumers' connection to their cultural roots.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW

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

During the Reporting Period, total revenue of the Group increased by 4.7% to RMB10,450.9 million as compared to that of RMB9,979.9 million for the corresponding period last year. Net loss and total comprehensive expense for the period of the Group was RMB64.0 million, as compared to net profit and total comprehensive income for the period of RMB52.3 million for the corresponding period last year.

We primarily sell our products to consumers through an offline network consisting of franchise stores and self-operated stores. Additionally, we also offer products to consumers through online sales on e-commerce platforms. As of June 30, 2025, the Company has established an offline sales network of 2,733 stores, comprising 2,704 franchise stores and 29 self-operated stores. Meanwhile, we continue to expand our online platform sales to broaden our consumer reach and establish long-term connections between the brand and consumers.

Expanding overseas business operations

The Company has been committed to expanding its overseas presence, with its export product portfolio covering gold jewellery, K-gold jewellery, inlaid jewellery, and multi-material jewellery accessories. These products are distributed across North America, Europe, the Middle East, Southeast Asia, and other regions. Leveraging the advantages of its in-house manufacturing facilities, the Company has established long-term cooperative relationships with overseas customers. With the deepening expansion into overseas market, the Company has achieved significant improvements in product structure diversity, product quality, and customer coverage breadth. In the first half of 2025, the Company's overseas revenue reached RMB144.7 million, representing a period-over-period growth rate of 285.9%. Going forward, the management will adhere to the overseas strategic plan and further expand the overseas market through close collaboration with relevant parties.

Riding on the trend of a nationwide hit of Chinese Style to launch new product lines

Influenced by domestic consumers' growing attention to and preference for Oriental aesthetics, the Company has launched new product series, which integrate the pursuit of traditional aesthetics with the Company's sophisticated jewellery crafting technique, and emphasize the uniqueness of craftsmanship and the inheritance of history. Through combining this ancient technique with modern design, the Company has created a series of jewellery works that not only conform to contemporary aesthetics but also contain profound cultural connotations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Ancient Blue-and-white Porcelain Series (青花古韵系列)

The simple elegance of the combination of gold and blue-and-white porcelain (青花瓷) sparks a uniquely ethereal and refined Oriental charm. Inspired by the patterns of blue-and-white porcelain, it combines classical enamel craftsmanship with 999.99% high-purity gold, infusing a touch of elegance into dress style. Extracting the classic patterns of blue-and-white porcelain, it features the hollowed-out design combined with cobalt-blue enamel, as if painting on porcelain. The center of the necklace blooms with delicate florals, the earrings trace four-petal ruyi (如意) motifs, and the bracelet is adorned with auspicious clouds and pearls. Every detail is a modern interpretation of Oriental aesthetics.



The Chinese Red Series (紅韵東方系列)

Hongyun Ruibao (紅韵瑞寶) features an inner ring with exquisite hollowed-out mesh design and an outer ring with continuous wheat-ear patterns. It is modest and low-profile yet brimming with blessings for peace year after year. The necklace is entwined with gold threads, outlining a delicate silhouette, with red gemstones and moissanite complementing each other. When the golden totem meets Oriental aesthetics, a stroke of Chinese red transforms into a cultural symbol that transcends time and space.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Oriental Fan (黄金宫扇)

Replicating the form of the Kesi Silk Bird-and-Flower Palace Fan (《絳絲花鳥圖宮扇》), it is crafted from 999.99% purity gold without soldering, continuing the timeless elegance of Chinese artistry expressed in the line, “Cut into a fan of harmony and reunion, round as the bright moon (裁為合歡扇·團團似明月)”. The front features layered golden peonies blooming envisioning prosperity, with micro-engraving techniques revealing the delicate veins of butterfly wings. The “three-dimensional Diancui inlaying (立體點翠)” artistry breaks through the traditional limitations of flat Diancui artistry. The flip side depicts an orchid motif in a secluded valley, symbolizing the refined spirit of literati, adorned with multi-gemstones inlaying and tassels, it carries the legacy of exquisite craftsmanship, engraving a modern national treasure with “gold as its bones, emerald hues as its soul (金胎為骨·翠色為魂)”.



Inspired by traditional Chinese elements, these new collections express the elegance and sophistication of Oriental aesthetics. Each piece of jewellery is meticulously polished, striving to embody the charm of traditional craftsmanship combined with modern fashion in every detail. Through these creations, consumers can intuitively experience the Oriental aesthetics carried by gold jewellery and the Company’s exceptional ingenuity.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Upgraded marketing strategy to solid brand building

In the first half of 2025, the Company launched a brand upgrading strategy and integrated omni-channel marketing. During the integrated marketing campaign, significant results were achieved in sales performance and brand exposure through initiatives such as core product promotion, collaborations with celebrities, advertising coverage across commercial district landmarks and high-speed rail media platforms. In addition, the Company intensified its efforts in new media operations and content marketing, effectively boosting brand preference among younger consumer demographics and positively impacted store traffic growth. The Company was selected into the list of a new batch of brands representing “Excellent Products in Shandong (好品山東)” and was once again named as Top 500 Most Valuable Brands in China, respectively.

In March 2025, the Company appeared on CCTV’s “Neo-Chinese Style (《中式上新夜》)” program to promote its brand philosophy, showcasing Mokingran’s brand aesthetics as China’s high-purity gold jewellery expert. This initiative enhanced interaction between the brand and consumers, drove further its market expansion, and reinforced its industry positioning and brand building as China’s high-purity gold jewellery crafting expert.



In May 2025, the Company also sponsored a group wedding ceremony with meticulously crafted wedding rings to promote civilized matrimonial customs, fulfilling its corporate social responsibilities and further enhancing brand visibility.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW, OPERATING RESULTS AND ANALYSIS

Revenue

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

	For the six months ended June 30,	
	2025 (RMB'000)	2024 (RMB'000)
Sales of gold jewellery and other gold products	10,135,196	9,834,885
Sales of K-gold jewellery, diamond inlaying jewellery and other products	262,860	99,925
Services	52,863	44,934
Total	10,450,919	9,979,744

Segmental performance review

By Products and Services

(i) Sales of gold jewellery and other gold products

Sales of gold jewellery and other gold products were the main source of the Group's revenue. Gold jewellery refers to the high-purity gold jewellery, such as gold bracelets, necklaces, rings and earrings. Gold jewellery is usually priced with two components, namely the gold price and the crafting fee. The gold jewellery sales were affected by the fluctuation of gold prices.

During the Reporting Period, the revenue derived from sales of gold jewellery and other gold products amounted to RMB10,135.2 million (2024: RMB9,834.9 million), representing a period-over-period increase of 3.1%. Such increase was primarily attributable to a general increase of gold price.

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

The Group also sell K-gold jewellery, diamond inlaying jewellery and other products such as spring clasps of K-gold, silver, platinum, copper and stainless-steel.

During the Reporting Period, the revenue derived from sales of K-gold jewellery, diamond inlaying jewellery and other products amounted to RMB262.9 million (2024: RMB99.9 million), representing a period-over-period increase of 163.2%. Such increase was primarily attributable to the growth in the sales volume of K-gold jewellery, diamond inlaying jewellery and other products to overseas customers.

(iii) Services

The Group received service fees from various sources including annual franchise fees, one-off franchise fees, brand admittance fees and others.

During the Reporting Period, the Group's revenue derived from the provision of services amounted to RMB52.9 million (2024: RMB44.9 million), representing a period-over-period increase of 17.8%. Such increase was primarily attributable to the increase in revenue the Group received in relation to subcontracting production for Independent Third Parties.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

By geographical markets

The Group generated revenue from two major geographical markets, namely: (i) Mainland China; and (ii) overseas.

(i) Mainland China

During the Reporting Period, the revenue derived from Mainland China market amounted to RMB10,306.2 million (2024: RMB9,942.2 million), of which its revenue contribution to the total revenue amounted to 98.6% (2024: 99.6%).

(ii) Overseas

During the Reporting Period, the Group's revenue from overseas market amounted to RMB144.7 million (2024: RMB37.5 million), of which its revenue contribution to the total revenue amounted to 1.4% (2024: 0.4%). During the Reporting Period, the Group's revenue from overseas market increased by 285.9% period-over-period, mainly due to the initial success of the Group's overseas sales layout, which has led to significant improvements in product structure diversity, product quality and customer coverage.

Cost of sales

Cost of sales primarily includes material costs, staff costs, overheads and subcontracting costs. Cost of sales during the Reporting Period amounted to RMB9,628.4 million (2024: RMB9,362.2 million), representing a period-over-period increase of 2.8%. Such increase was primarily attributable to an increase in material costs, which in turn, was generally a result of elevation in gold price.

Gross profit and gross profit margin

Gross profit during the Reporting Period amounted to RMB822.5 million, representing an increase of 33.2% as compared with RMB617.5 million for the six months ended June 30, 2024. Such increase was mainly due to the rise in gold prices and an increase in our overseas sales during the Reporting Period. Gross profit margin for the Reporting Period was 7.9% (2024: 6.2%), the increase in gross profit margin was primarily attributable to the rise in gold prices during the six months ended June 30, 2025.

Other income

Other income mainly consisted of (i) interest income from bank deposits; (ii) other income from franchisees; (iii) rental income; and (iv) government grants. During the Reporting Period, the other income amounted to RMB8.5 million (2024: RMB10.6 million), representing a period-over-period decrease of 19.8%. Such decrease was primarily attributable to the decrease in the additional deduction for value-added tax.

Distribution and selling expenses

Distribution and selling expenses mainly consisted of staff costs, media advertising and promotion expenses. During the Reporting Period, the selling and distribution expenses amounted to RMB108.2 million, representing a decrease of RMB10.7 million as compared to that of RMB118.9 million for the six months ended June 30, 2024, which was due to a decrease in advertising expenses and a decrease in employee remuneration as a result of the decrease in number of employees.

Research and development expenses

Research and development expenses mainly consisted of staff costs and consumables such as raw materials for used in research and development and parts and components of machinery. During the Reporting Period, the Group recorded research and development expenses of RMB12.3 million (2024: RMB11.3 million), representing a period-over-period increase of 8.8%. Such increase was primarily attributable to the increases in (i) research and development expenses of molds and equipment, particularly for spring clasps production equipment; (ii) research and development expenses of products design styles; and (iii) the expenses for intellectual property application fees and agency fees.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative expenses

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

During the Reporting Period, administrative expenses amounted to RMB49.2 million, representing an increase of RMB8.7 million as compared to that of RMB40.5 million for the six months ended June 30, 2024, which was due to an increase in fees for agent consultancy services.

Other expenses and other gains and losses, net

Other expenses and other gains and losses, net mainly comprise (i) direct operating expenses incurred for investment properties; (ii) realized gains or losses on Au (T+D) contracts; (iii) realized gains or losses on gold loans; and (iv) unrealized gains or losses on gold loans. During the Reporting Period, other expenses and other gains and losses, net amounted to a net loss of RMB695.9 million, as compared to a net loss of RMB347.8 million for the six months ended June 30, 2024, which was due to an increase in losses incurred in connection with Au (T+D) contracts and gold loans resulting from the rise in gold prices.

Finance costs

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

During the Reporting Period, the finance costs amounted to RMB42.4 million, representing an increase of RMB7.0 million as compared to that of RMB35.4 million for the six months ended June 30, 2024, which was mainly attributable to an increase in the Group's borrowings, which resulted in an increase in interest payment.

Reversal of impairment losses/(impairment losses) under expected credit loss model

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

During the Reporting Period, the Group had reversal of impairment losses under expected credit loss model of RMB6.0 million, as compared to impairment losses under expected credit loss model of RMB0.2 million for the six months ended June 30, 2024.

(Loss)/profit before tax

During the Reporting Period, the Group's loss before tax amounted to RMB71.1 million, as compared to profit before tax of RMB66.9 million for the six months ended June 30, 2024, which was mainly due to an increase in losses from Au (T+D) contracts and gold loans losses resulting from the rise in gold prices during the six months ended June 30, 2025, causing an increase in loss before tax.

Income tax credit/(expense)

During the Reporting Period, the income tax credit was RMB7.1 million (2024: income tax expenses of RMB14.6 million).

(Loss)/profit for the Reporting Period

During the Reporting Period, the Group recorded a net loss of RMB64.0 million, compared to a net profit of RMB52.3 million for the six months ended June 30, 2024, which was mainly due to the reasons mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL POSITION REVIEW

Assets

As of June 30, 2025, the Group's total assets amounted to RMB5,122.2 million, with total liabilities of RMB2,836.5 million and net assets of RMB2,285.7 million.

Inventories

Inventories mainly included raw materials, work in progress, finished goods, goods in transit, consigned processing materials and consumables. As of June 30, 2025, the inventories amounted to approximately RMB2,406.4 million (December 31, 2024: RMB2,544.3 million), representing a period-over-period decrease of 5.4%, which is primarily caused by a decrease in raw materials, which was in line with our production plan.

Trade receivables

Trade receivables primarily represented receivables from the customers. As of June 30, 2025, the trade receivables amounted to RMB280.4 million (December 31, 2024: RMB276.4 million) representing a period-over-period increase of 1.4%, which is generally in line with the increase in revenue.

Prepayments, deposits and other receivables

The prepayments, deposits and other receivables are mainly represented deductible input value-added tax and right to returned goods asset. Deductible input value-added tax was mainly in relation to procurement of property, plant and equipment. Right to returned goods asset represented the gold lending arrangement to customers to replenish their inventories when they have urgent needs and the return policy of the Group's diamond inlaying jewellery products.

As of June 30, 2025, the prepayments, deposits and other receivables (including both current and non-current portions) amounted to RMB592.9 million (December 31, 2024: RMB541.5 million), representing a period-over-period increase of 9.5%, which is primarily caused by an increase in right to returned goods asset, which in turn, was primarily a result of the substantial increase in gold price which elevated the value of the gold lent to customers by the Group.

Pledged/restricted deposits

The pledges and restricted deposits mainly consist of deposits pledged to banks to secure banking facilities, security deposits for issuance of notes payable, security deposits for gold loans, security deposits for gold trading accounts and others. As of June 30, 2025, the pledged/restricted deposits amounted to RMB387.6 million (December 31, 2024: RMB466.6 million).

Cash and cash equivalents

As of June 30, 2025, the cash and cash equivalents amounted to RMB849.3 million (December 31, 2024: RMB556.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Trade and bills payables

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

As of June 30, 2025, the trade and bills payable amounted to RMB177.4 million (December 31, 2024: RMB394.1 million), representing a period-over-period decrease of 55.0%, which is primarily caused by a decrease in usage of bills payables to settle for procurement of raw materials.

Other payables and accruals

Other payables and accruals mainly represented deposits received, salaries, welfare and bonus payable, accrued expenses, and other tax payable. As of June 30, 2025, the other payables and accruals amounted to RMB316.8 million (December 31, 2024: RMB144.4 million). Such increase was mainly attributable to an increase in tax payables.

Contract liabilities

The contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The contract liabilities were expected to be recognized as revenue in the next 12 months. The contract liabilities arose when customers made advance payment to us for their purchases, which the customers can fix the purchase price of the gold jewellery to be purchased in advance. As of June 30, 2025, the contract liabilities amounted to RMB56.8 million (December 31, 2024: RMB106.1 million), representing a period-over-period decrease of 46.5%, which is primarily caused by a decrease in advance payments received from customers.

Gold loans

The Group borrows gold from commercial banks with terms ranging from 3 months to 12 months and pays a fixed fee to bank during the subsistence of the contract based on the value of gold at inception and relevant interest rates at inception. As of June 30, 2025, the gold loans amounted to RMB661.6 million (December 31, 2024: RMB359.1 million), representing a period-over-period increase of 84.2%, which is primarily caused by an increase in the amount of gold loans the Group incurred and the increase in the fair value of the gold borrowed from banks.

Refund liabilities

Under the standard contract terms, except for closures of stores, franchisees have no right to return any goods after its acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within five years. Revenue is recognized for sales when it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. Conversely, if the goods are expected to be exchanged, a refund liability, instead of revenue, is recognized. Simultaneously, the Group recognize a right to returned goods asset, measured at the carrying amount of the inventories sold less any expected costs to recover the goods, with a corresponding adjustment to the cost of sales. As of June 30, 2025, the Group recorded refund liabilities of RMB22.2 million (December 31, 2024: RMB23.4 million), representing a period-over-period decrease of 5.1%, which is primarily caused by the decrease in sales of diamond inlaying jewellery products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Pledge of assets

As of June 30, 2025, (i) the carrying amount of property, plant and equipment of RMB231.8 million (December 31, 2024: RMB293.1 million) were pledged to banks as collaterals for the Group's borrowings, bills payable and gold loans; (ii) the carrying amount of leasehold lands of RMB3.4 million (December 31, 2024: RMB3.4 million) were pledged to banks as collaterals for the Group's borrowings; (iii) the carrying amounts of investment properties of RMB30.7 million (December 31, 2024: RMB32.1 million) were pledged to banks as collaterals for the Group's borrowings; (iv) the carrying amount of pledged/restricted deposits of the Group of RMB230.6 million (December 31, 2024: RMB279.7 million) were pledged to banks as collaterals for the Group's borrowings, gold loans and bills payable; and (v) the carrying amount of trade receivables of the Group of RMB0.9 million (December 31, 2024: RMB5.3 million) were pledged to banks as collaterals for the Group's borrowings.

Capital expenditures

As of June 30, 2025, the Group had capital expenditure of RMB10.8 million (December 31, 2024: RMB165.1 million) primarily for property, plant and equipment, leasehold lands and intangible assets.

Capital commitments

As of June 30, 2025, the Group had capital commitment of approximately RMB4.9 million (December 31, 2024: RMB5.4 million) in respect of property, plant and equipment.

Contingent liabilities

The Group had no significant contingent liabilities, litigation or arbitration of material importance as of June 30, 2025.

Foreign exchange risk

Our financial statements are expressed in RMB, but certain transactions of the Group are denominated in foreign currencies, and are exposed to foreign currency risk. As most of the Company's business transactions are conducted in Mainland China and such transactions in Mainland China are mainly denominated in RMB, the Company is exposed to foreign currency risk but such risk is not significant. Accordingly, the Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Significant investment, material acquisitions and disposals of subsidiaries, associates or joint ventures

The Group did not have any significant investment, material acquisitions or disposal of subsidiaries, associates or joint ventures during the Reporting Period.

Future plans for material investments or capital assets

As of June 30, 2025, save as disclosed in the Prospectus and herein, the Group had no plan for any material investment, disposal of or addition of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EMPLOYEES AND REMUNERATION POLICIES

The Group recognizes the importance of talent for sustainable business growth and competitive advantages. The Group believes that its success depends on our ability to attract, retain and motivate qualified personnel. As of June 30, 2025, the Group had 1,833 (December 31, 2024: 1,884) full-time employees, the majority of whom were based in China.

The remuneration of the employees is determined based on the terms of reference, the prevailing industry practice and the educational background, experience and performance of the staff, the importance of the post, the amount of time he/she devotes to the post, etc.. These policies are reviewed regularly. Besides basic salaries, the Group also provides other fringe benefits to its employees, including year-end bonuses, allowances and benefits in kind.

The Group has invested substantial efforts and resources in recruiting and training its employees. In addition to its recruitment process and internal referrals, the Group also recruits talent through specialized recruiting firms and other third parties.

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

The Group believes it has maintained good relationships with its employees. During the Reporting Period and up to the date of this interim report, the Group did not experienced any strikes or any labor disputes with our employees which have had or are likely to have a material effect on its business.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of June 30, 2025, the Group had total assets of approximately RMB5,122.2 million (December 31, 2024: RMB4,934.7 million) and interest-bearing borrowings of approximately RMB1,511.8 million (December 31, 2024: RMB1,348.9 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 29.5% (December 31, 2024: 27.3%).

As of June 30, 2025, the Group had net current assets of approximately RMB1,762.1 million (December 31, 2024: RMB1,996.5 million) consisted of current assets of approximately RMB4,485.5 million (December 31, 2024: RMB4,238.9 million) and current liabilities of approximately RMB2,723.4 million (December 31, 2024: RMB2,242.4 million), representing a current ratio of approximately 1.6 times (December 31, 2024: 1.9 times).

As of June 30, 2025, the Group had cash and cash equivalents (including pledged/restricted deposits) of approximately RMB1,236.8 million (December 31, 2024: RMB1,022.8 million). As of June 30, 2025, the Group had cash and cash equivalents (excluding pledged/restricted deposits) of approximately RMB849.3 million (December 31, 2024: RMB556.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As of June 30, 2025, the Group's borrowings (including both current and non-current portions) amounted to RMB1,511.8 million (December 31, 2024: RMB1,348.9 million), which were mainly borrowings in RMB, among which all adopted fixed interest rates. The increase in borrowings of the Group was mainly used for general operational needs.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the following: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; and (b) the Group has maintained long-term business relationship with its principal banks.

OUTLOOK

With easing tensions from the trade war, the global economic environment is gradually recovering, while gold prices are stabilising and expected to enter a phase of structural growth. These developments provide a favourable external environment for the Company's development. In response to these opportunities, we remain committed to a prudent operating strategy, and continue to adjust our marketing approach and product portfolio in a timely manner to stay aligned with market trends and capture new growth drivers.

Consolidating and expanding the sales network

In the current highly competitive market, we recognise that traditional sales models alone are no longer sufficient to meet the evolving needs of consumers. We remain focused on our core strategy of deepening channel penetration and upgrading our brand. By implementing enhanced management across different cities and market segments and adjusting our marketing strategy and product portfolio, we have further reinforced the momentum of our channel development. At the same time, we are actively strengthening our presence on e-commerce platforms and expanding private traffic channels, aiming to increase penetration in high-potential markets and among younger consumers. By responding to the distinct purchasing habits and preferences of younger consumers, we continue to refine our marketing strategies to enhance market penetration and broaden our customer base.

Optimizing product portfolio and delivering customized services to better meet customer needs

In terms of product strategy, we adhere to the approach of going global, thus we selectively participate in targeted trade shows and establish partnerships with clients and gather market feedback through tailored booth designs, product sampling, and face-to-face engagements, which enables us to stay attuned to evolving customer demands. By conducting in-depth analysis of market trends and customer insights, we continuously refine our product lines to ensure they cater to the diverse needs of consumers. This strategy allows us to gain a deeper understanding of various regional and segment-specific preferences, facilitating the development of more targeted marketing initiatives. Aligning with seasonal promotions and new product launches, we also introduce customized campaigns designed around scenario-based needs. These efforts enhance market relevance and customer appeal, fostering stronger customer engagement and loyalty. Furthermore, we have strengthened collaboration with existing clients by offering a diversified product portfolio tailored to their requirements, which not only elevates their satisfaction but also drives repeat purchases.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Continuously expanding overseas market and building brand strength

We actively explore the development potential of overseas market to seek new growth drivers for our business. We believe that expanding into international market will bring more business opportunities and profit sources to the Company. In the first half of 2025, we launched an international online operation and promotion model, leveraging channels such as international social media and shopping platforms to focus on core and gradually expand into other regions. Through these digital means, we can more effectively reach global consumers and enhance brand awareness and market influence worldwide.

In addition, to mitigate the adverse impacts of sharp short-term increase of gold prices, the Company shall continue to implement measures that allow it to more quickly realize the economic gains derived from selling its products at gold prices higher than the average procurement price as gold prices increase. On the other hand, the Company will continue to closely monitor the market reception in increasing gold prices and adapt its business strategy in sales and strengthen its internal control over Au (T+D) operations and gold loans.

In our future development, as market conditions evolve, we will fully leverage our existing strengths, actively respond to challenges, and strive to achieve breakthroughs in the new economic landscape. We will continue to monitor market changes and adjust our business strategies accordingly to ensure that we can maintain a competitive edge in a rapidly changing market environment. We believe that through continuous innovation and hard work, the Company will be able to achieve higher-level growth and create greater value for its Shareholders, customers and employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CG CODE

As a company listed on the Hong Kong Stock Exchange, the Company always strives to maintain a high level of corporate governance and had complied with all code provisions of the CG Code as set out in Appendix C1 to the Listing Rules for the six months ended June 30, 2025.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors. Upon making specific enquiries to all of the Directors of the Company, all Directors confirmed that each of them has fully complied with the Model Code during the six months ended June 30, 2025.

The Company's relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company throughout the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Audit Committee has formulated terms of reference in written form in accordance with the requirements of the Listing Rules. It comprises three members, namely, Mr. DING Xiaodong (independent non-executive Director), Ms. BAI Xian Yue (independent non-executive Director) and Mr. WENG Xin (independent non-executive Director). Mr. DING Xiaodong currently serves as the chairman of the Audit Committee. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee reviewed and considered that the interim financial results for the six months ended June 30, 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2025 as set out in this interim report have not been reviewed nor audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu.

SHARE CAPITAL

As of June 30, 2025, the total share capital of the Company was RMB273,023,466.00, divided into 273,023,466 shares of RMB1.00 each (including 40,000,000 Unlisted Shares and 233,023,466 H shares).

As of June 30, 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2025, to the knowledge of the Directors, the following Directors and chief executive of the Company had interests and short positions in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Interests in Shares and Underlying Shares

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

Notes:

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

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

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

Save as disclosed above, as of June 30, 2025, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions 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 were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the 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 pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of June 30, 2025, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

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

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Jinmeng Partnership is a limited partnerships established in the PRC and is one of the Employee Shareholding Platforms.
- (3) Tianjin Yuanjinmeng was owned as to 50% by Mr. Wang Guoxin and 50% by Ms. Wang Na. Therefore, Mr. Wang Guoxin and Ms. Wang Na are deemed to be interested in the Shares directly held by Tianjin Yuanjinmeng.

Save as disclosed above, the Company is not aware that as of June 30, 2025, any other person had any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period (including sale of treasury shares).

As of June 30, 2025, the Company did not hold any treasury shares.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

There was no Controlling Shareholder pledging any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company didn't provide any financial assistance nor guarantee to its affiliated companies during the Reporting Period, which would give rise to a disclosure under Rule 13.16 of the Listing Rules. The Company didn't enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements during the Reporting Period.

SHARE SCHEME

On the first extraordinary general meeting of the Company on February 10, 2025 (the **"Adoption Date"**), the Shareholders passed a special resolution to approve the adoption of a share award scheme of the Company (the **"Share Award Scheme"**). For the purpose of this section, unless otherwise defined, all capitalised words shall bear the same meaning as defined in the circular of the Company dated January 16, 2025. Major terms of the Share Award Scheme is set out as below:

(A) Purposes

The purposes of the Share Award Scheme are:

- (i) to provide opportunities to own equity interests in the Company so as to attract, incentivize and retain skilled and experienced persons to contribute for the future development and expansion of the Group;
- (ii) to improve the Company's incentive mechanism so as to attract, incentivize and retain core employees and service providers who make strong contributions to the Company's ongoing operation, development and long-term growth; and
- (iii) to closely align the interests of incentive recipients with the interests of the Shareholders, investors and the Company, so as to enhance the Company's cohesion and promote the maximization of the Company's value.

(B) Duration

The Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Award may be granted, but the Scheme Rules shall remain in full force and effect in all other respects to the extent necessary to give effect to the vesting of any Award made prior thereto. As the Share Award Scheme was adopted on February 10, 2025, subject to the termination of the Share Award Scheme pursuant to the Scheme Rules it shall be valid and effective until and including February 9, 2035.

(C) Administration

The Share Award Scheme shall be subject to the administration of the following administrative bodies:

- (i) General meeting. General meeting, as the highest organ of authority of the Company, is responsible for the consideration and approval of the adoption of the Share Award Scheme. The general meeting may authorise the Board and/or its Authorised Person to deal with all relevant matters pertaining to the Share Award Scheme to the extent of its authority.
- (ii) The Board. The Board and/or its Authorised Person is the executive body of the Share Award Scheme, within their respective power of authority. The Board and/or its Authorised Person may handle all matters pertaining to the Share Award Scheme within the authorization granted by the general meeting. The Board and/or its Authorised Person may also delegate one or more administrators to assist with the administration of the Share Award Scheme. The decisions of the Board and/or its Authorised Person on all matters relating to the Share Award Scheme within their respective power of authority are final and binding on all persons under the Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(D) Eligible Participants

The Eligible Participants of the Share Award Scheme include:

- (i) employee participants, who shall be full-time employees of the Group, excluding individuals deemed as connected persons by the Hong Kong Stock Exchange, such as Directors of the Group;
- (ii) related entity participants, who shall be any person of the fellow subsidiaries or associated companies of the Group (other than members of the Group), excluding companies or individuals deemed as connected persons by the Hong Kong Stock Exchange; and
- (iii) service providers and business partners, who shall be the service providers or suppliers which have provided the Group with services which are in the interest of the long-term growth of the Group in the ordinary and usual course of business and on a continuing or recurring basis, or business partners such as former shareholders of the Group's acquisition or merger targets, excluding entities or individuals deemed as connected persons by the Hong Kong Stock Exchange.

No one shall be regarded as an Eligible Participant and granted any Award if there exists any of the following circumstances on the Grant Date:

- (i) being publicly reprimanded by securities regulators or declared as an unsuitable candidate for comparable award scheme or share incentive scheme of any listed company in the past 12 months;
- (ii) being penalised by securities regulators or prohibited from trading in securities in the past 12 months due to material violation of laws and regulations;
- (iii) being prohibiting from acting as director, supervisor or senior management as stipulated in the PRC Company Law or the Listing Rules;
- (iv) being prohibited from participating in the Share Award Scheme as stipulated by laws and regulations;
- (v) having other material breach of the relevant regulations of the Group or behaviors the Board deems seriously detrimental to the interests of the Group; and
- (vi) being entities or individuals deemed as connected persons by the Hong Kong Stock Exchange.

If on or before the Vesting Date, any Grantee ceases to be an Eligible Participant due to the occurrence of any of the following circumstances, then:

- (i) where the Grantee ceases to be an Eligible Participant as a result of his/her departure from the Company by reason of resignation, expiration of the labor contract with the Company or termination of his/her employment, any Award Shares granted but not yet vested shall be immediately surrendered to the Trustee as Returned Shares, unless the Board and/or its Authorised Person determine otherwise in their sole and absolute discretion;
- (ii) where the Grantee retires by virtue of reaching the statutory retirement age and ceases to be an Eligible Participant, any Award Shares granted but not yet vested shall be immediately surrendered to the Trustee as Returned Shares, unless the Board and/or its Authorised Person determine otherwise in their sole and absolute discretion;

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

- (iii) where the Grantee ceases to be an Eligible Participant as a result of being incapacitated or deceased due to accident, any Award Shares granted but not yet vested shall be immediately surrendered to the Trustee as Returned Shares, unless the Board and/or its Authorised Person determine otherwise in their sole and absolute discretion;
- (iv) where the Grantee ceases to be an Eligible Participant as a result of being incapacitated or deceased in the course of employment, any Award Shares granted but not yet vested shall continue to vest to the Grantee or the legal personal representative of his/her estate on the Vesting Date as set forth in the Grant Letter, or in accordance with such other vesting procedures as the Board and/or its Authorised Person may determine, and the personal performance target shall no longer be a Vesting Condition, unless the Board and/or its Authorised Person determine otherwise in their sole and absolute discretion. If the Grantee does not have a legal personal representative for his/her estate, any Award Share shall be immediately surrendered to the Trustee as Returned Shares; and
- (v) where the Grantee changes position and departs for any of the following reasons, including:
 - a. breach of laws or professional ethics or leakage of the Group's confidential information;
 - b. damage to the interests or reputation of the Group due to misconduct or malfeasance;
 - c. material breach of any agreement between the Group and the Grantee (including, without limitation, any applicable intellectual property rights vesting agreement, employment contract, non-competition agreement, confidentiality agreement or other similar agreement); and
 - d. any other circumstances determined by the Company resulting in termination of the employment contract due to breach of the Group's relevant policies,

any Award Shares granted but not yet vested shall be immediately surrendered to the Trustee as Returned Shares, and in the event of material breach or detriment, the Group reserves the right to claim suffered losses against such Grantee, unless the Board and/or its Authorised Person determine otherwise in their sole and absolute discretion.

(E) Scheme Mandate Limit and Grant of Awards

The maximum number of Award Shares that can be awarded under the Share Award Scheme must not exceed 10% of the number of total Shares in issue as of the Adoption Date (i.e. 27,302,346 Shares, the "**Scheme Mandate Limit**"). Awards lapsed in accordance with the terms hereof shall not be counted for the purposes of calculating the Scheme Mandate Limit.

The Company shall issue the Grant Letter to each Grantee, in such form as the Board and/or its Authorised Person may from time to time determine, specifying the applicable terms of grant, including but not limited to the Grant Date, procedure of accepting the grant of Awards, the number of Award Shares, the Vesting Conditions, the Vesting Date and the grant price (if applicable) and other details, terms and conditions they think necessary and suitable to the Share Award Scheme.

(F) Limitations

The Share Award Scheme is designated as a "Non-connected Person Share Award Scheme" and no Awards shall be granted to connected persons of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

No grant of Awards may be made in the following circumstances:

- (i) where necessary approval from applicable regulatory authorities or the general meeting has not been obtained;
- (ii) where, unless the Board determines otherwise, any member of the Group is required to issue a prospectus or other offering document in accordance with applicable securities laws, rules or regulations for the Award or the Share Award Scheme;
- (iii) where such Award would cause any member of the Group or its directors to be in breach of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where the grant of such Award would result in a breach of the Scheme Mandate Limit;
- (v) after the expiration of the duration or early termination of the Share Award Scheme in accordance with the Scheme Rules;
- (vi) where any Authorised Person is in possession of unpublished inside information (as defined in the SFO) of the Company, or in the reasonable opinion of the Authorised Persons, there exists any inside information which is required to be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO, or the Authorised Persons are prohibited from dealing in accordance with the Listing Rules or any applicable laws, rules or regulations;
- (vii) sixty (60) days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (viii) thirty (30) days immediately preceding the publication date of the quarter results (if any) or interim results of the Group or, if shorter, the period from the end of the relevant quarterly or interim period up to the publication date of the results.

(G) Source of Awards and Fund

To satisfy the grant of Awards, the Board and/or its Authorised Person shall, so far as reasonably practicable, wire transfer the required fund to the Trustee (or instruct the Trustee to use the cash income of the Trust), and instruct the Trustee to purchase H Shares through on-market or off-market transactions.

The Board and/or its Authorised Person shall also instruct the Trustee on whether to use any Returned Shares to satisfy the grant of Awards. The Board and/or its Authorised Person may set out any conditions or terms in the instructions given to the Trustee for the purchase of H Shares, including but not limited to the specific purchase price or price range, the maximum amount of purchase fund and/or the maximum number of H Shares to be purchased.

The source of fund for purchasing the Award Shares shall be the Group's internal funds or the cash income of the Trust.

(H) Vesting of Awards

The vesting of Awards shall be subject to the Company's performance targets (as determined by the Board and/or its Authorised Person from time to time with reference to the Company's business performance and financial conditions and the then market conditions) and other vesting conditions set forth in the relevant Grant Letter.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The Vesting Period shall be determined by the Board and/or its Authorised Person and set forth in the Grant Letter. Each Vesting Period shall be not less than twelve (12) months, unless the Board and/or its Authorised Person determine otherwise in their sole discretion.

For the purposes of vesting of Awards, the Board and/or its Authorised Person may instruct and procure the Trustee to (i) release the Award Shares from the Trust to the Grantee; or (ii) sell the Award Shares vested to the Grantee through on-market or off-market transactions and pay to the Grantee the actual sale price (after deduction of all applicable expenses) in cash.

(I) Lapse of Awards

If any Grantee fails to fulfil the Vesting Conditions, the relevant Award Shares shall be immediately forfeited and become the Returned Shares held by the Trustee. The decisions of the Board and/or its Authorised Person on whether the Vesting Conditions are fulfilled shall be irrevocable and final.

(J) Voting Rights and Dividends

Neither the Grantees nor the Trustee may exercise any voting rights attached to any H Shares (including any Award Shares granted but not yet vested) held by the Trustee under the Trust.

Any dividend on the Award Shares not yet vested and the Returned Shares shall be retained by the Trustee as the cash income of the Trust. Grantees shall be entitled to any dividend on vested Award Shares incurred after their vesting.

(K) Alteration and Termination

Subject to the Scheme Mandate Limit, any alteration or supplement to the Share Award Scheme in any respect shall be made by the resolution of the Board.

The Share Award Scheme shall terminate on the earlier of: (i) the expiration of ten (10) years from the Adoption Date (except in respect of any Award Shares granted but not yet vested prior to the expiration of the Share Award Scheme, to give effect to the vesting of such Award Shares, or otherwise provided by the Scheme Rules); and (ii) such date of early termination as determined by the Board.

(L) Appointment of Trustee

The Company has entered into a trust deed under the Share Award Scheme, whereby the professional Trustee was appointed. The Trustee shall be given any guidance, instruction or advice for the purpose of satisfying the grant of Awards. To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee and its ultimate beneficial owners are Independent Third Parties and not connected with the Company or any of its connected persons.

The maximum number of Shares in respect of which Award Shares may be granted pursuant to the Share Award Scheme is 27,302,346, being 10% of the issued share capital of the Company as of the Adoption Date. As of June 30, 2025, being the end of the Reporting Period, and the date of this interim report, no Award Shares were granted under the Share Award Scheme, leaving behind 27,302,346 Awarded Shares being available for grant under the Scheme Limit, representing approximately 10% of the total number of Shares in issue as of the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended June 30, 2025 (2024: nil).

CHANGE IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

On May 16, 2025, the Company's annual general meeting was held, during which the third session of the Board comprising Mr. WANG Zhongshan, Ms. ZHANG Xiuqin and Mr. WANG Guoxin as executive Directors, Mr. WANG Zegang as an employee representative Director and executive Director and Mr. BAI Xianyue, Mr. WENG Xin and Mr. DING Xiaodong as independent non-executive Directors has been formed. The biographical details of the Directors of the third session of the Board was disclosed in the circular of the Company dated April 25, 2025. For further details of the appointment of the third session of the Board, please refer to the paragraph headed "Other Significant Events during the Reporting Period — The Annual General Meeting of the Company" of this section.

Save for the change in directors as disclosed in the paragraph headed "Other Significant Events during the Reporting Period — The Annual General Meeting of the Company" of this section, there has been no change in the information of Directors and senior management of the Company that is required to be disclosed under Rules 13.51(2) and 13.51B of the Listing Rules since the publication of the 2024 annual report of the Company, the circular dated April 25, 2025 and the announcement dated May 16, 2025 issued by the Company.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The First 2025 Extraordinary General Meeting of the Company

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

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

For further details, please refer to the announcements of the Company dated January 14, 2025 and February 10, 2025 and the circular of the Company dated January 16, 2025.

H Share Full Circulation of the Company

The Company has received a filing notice dated April 3, 2025 issued by the China Securities Regulatory Commission ("CSRC") in respect of the H Share full circulation and has received the approval granted by the Hong Kong Stock Exchange dated April 14, 2025, for the listing of, and permission to deal in 164,760,000 H Shares. The conversion of 164,760,000 unlisted shares into H Shares has been completed on April 25, 2025 and the listing of the converted H Shares on the Hong Kong Stock Exchange commenced on April 28, 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

For further details, please refer to the announcements of the Company dated April 3, 2025, April 14, 2025 and April 25, 2025.

On May 16, 2025, the Board considered and approved the proposed implementation of the full circulation of 40,000,000 Unlisted Shares (the “**H Share Full Circulation**”). The Company has submitted a filing application to the CSRC in relation to the proposed implementation of the H Share Full Circulation. Up to the Latest Practicable Date, the Company has not yet applied to the Hong Kong Stock Exchange for the conversion and listing of relevant Unlisted Shares, and the details of the Company’s implementation plan in relation to the H Share Full Circulation and the conversion and listing have not yet been finalized.

For further details, please refer to the announcement of the Company dated May 16, 2025.

The Annual General Meeting of the Company

On May 16, 2025, the Company’s annual general meeting (“**AGM**”) was held. Among others, each of the following resolutions was duly passed as a special resolution of the Company:

- abolition of the board of supervisors and the amendments to the Articles of Association
- appointment of the third session of the Board

The third session of the Board comprising Mr. WANG Zhongshan, Ms. ZHANG Xiuqin and Mr. WANG Guoxin as executive Directors, Mr. WANG Zegang as an employee representative Director and executive Director and Mr. BAI Xian Yue, Mr. WENG Xin and Mr. DING Xiaodong as independent non-executive Directors has been formed. The Directors of the third session of the Board shall hold office with effect from the date of election at the AGM for a term of three years from the date of the AGM to the expiry of the term of the third session of the Board.

For further details, please refer to the announcement of the Company dated May 16, 2025.

Changes to the Strategy Committee, Appointment of Board Committees and Adoption of Terms of Reference of the Board Committees

On May 16, 2025, the Board has resolved to approve the proposal to rename the “Strategy Committee” as the “Strategy and Sustainability Committee”, to amend the terms of reference of the Strategy and Sustainability Committee accordingly to incorporate environmental, social and governance (“**ESG**”)—related responsibilities, including but not limited to conducting research and making recommendations on ESG-related matters of the Company, holding regular meetings of the Strategy and Sustainability Committee to review the work progress of ESG-related matters of the Company, and reporting to the Board on the same.

In light of the abolishment of the board of supervisors, the Board has resolved to amend the terms of reference of the Audit Committee to incorporate the duties transferred from the board of supervisors to the Audit Committee.

To accommodate actual operation needs, the Board has further resolved to amend the terms of reference of the Nomination Committee and the Remuneration and Appraisal Committee to supplement on and revise the duties of each of the Board Committees.

For further details, please refer to the announcement of the Company dated May 16, 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Appointment of Chairman of the Board and Members of the Senior Management

The Board further resolved on May 16, 2025 that:

- (i) to appoint Mr. WANG Zhongshan as the Chairman of the third session of the Board; and
- (ii) to appoint Mr. WANG Guoxin as the general manager of the Company.

For further details, please refer to the announcement of the Company dated May 16, 2025.

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, the Board confirms that there are no events after the Reporting Period need to be brought to the attention of the Shareholders.

USE OF PROCEEDS

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 29, 2024, under which the Company raised net proceeds of HK\$452.5 million, which was equivalent to approximately RMB420.7 million (less underwriting fee and commissions and other relevant expenses, equivalent to HK\$75.0 million). The proceeds have been and are intended to be applied in the manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

As of June 30, 2025, RMB11.7 million out of such net proceeds had been utilized. All of the remaining net proceeds were deposited with certain licensed financial institutions in the PRC.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

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

	Percentage of net proceeds intended to be distributed according to Prospectus (%)	Net proceeds intended to be distributed according to the Prospectus (RMB million)	Actual net proceeds received and proportional proceeds intended to be distributed ^(Note) (RMB million)	Actual use of proceeds during the Reporting Period (RMB million)	Net proceeds unutilized as of the end of the Reporting Period (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds
Production expansion plan	50.0	232.5	210.4	7.5	202.9	To be fully utilized before the end of 2026
Expansion of sales network						
— Establishment of self-operated stores	31.0	144.1	130.4	—	130.4	To be fully utilized before the end of 2026
— Improving scale and operations of self-operated direct service centers	3.0	14.0	12.6	—	12.6	To be fully utilized before the end of 2026
Sub-total:	34.0	158.1	143.0	—	143.0	
Upgrade on information technology						
— Enterprise digital management systems	10.0	46.5	42.1	4.2	37.9	To be fully utilized before the end of 2025
— Production and inventories system	6.0	27.9	25.2	—	25.2	To be fully utilized before the end of 2025
Sub-total:	16.0	74.4	67.3	4.2	63.1	
Total:	100	465.0	420.7	11.7	409.0	

Note: Calculated based on the exchange rate of RMB0.9298 to HK\$1.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	Notes	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	10,450,919	9,979,744
Cost of sales		(9,628,441)	(9,362,238)
Gross profit		822,478	617,506
Other income	5	8,484	10,648
Distribution and selling expenses		(108,169)	(118,939)
Research and development expenses		(12,332)	(11,258)
Administrative expenses		(49,184)	(40,471)
Other expenses and other gains and losses, net	6	(695,934)	(347,823)
Finance costs		(42,390)	(35,432)
Reversal of impairment losses/(impairment losses) under expected credit loss model, net	7	5,975	(238)
Listing expenses		—	(7,132)
(Loss)/profit before tax		(71,072)	66,861
Income tax credit/(expense)	8	7,057	(14,609)
(Loss)/profit and total comprehensive (expense)/income for the period	9	(64,015)	52,252
(Loss)/profit and total comprehensive (expense)/income for the period attributable to			
Owners of the Company		(70,091)	47,433
Non-controlling interests		6,076	4,819
		(64,015)	52,252
(Loss)/earnings per share			
Basic and diluted (RMB)	10	(0.26)	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Notes	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	365,915	381,444
Right-of-use assets		45,562	50,112
Investment properties		59,203	61,298
Intangible assets	12	14,359	14,643
Deferred tax assets		120,266	41,866
Prepayments, deposits and other receivables		31,002	146,033
Other non-current assets		463	357
		636,770	695,753
Current Assets			
Inventories	13	2,406,392	2,544,284
Trade receivables	14	280,389	276,379
Prepayments, deposits and other receivables		561,858	395,452
Pledged/restricted deposits		387,567	466,621
Cash and cash equivalents		849,257	556,167
		4,485,463	4,238,903
Current Liabilities			
Trade and bills payables	15	177,356	394,083
Other payables and accruals		316,841	144,417
Lease liabilities		6,062	7,706
Borrowings	16	1,427,406	1,167,496
Contract liabilities		56,809	106,093
Tax liabilities		55,011	40,060
Gold loans	17	661,604	359,087
Deferred income		32	33
Refund liabilities		22,243	23,413
		2,723,364	2,242,388
Net Current Assets		1,762,099	1,996,515
Total Assets less Current Liabilities		2,398,869	2,692,268

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2025

	Notes	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Non-current Liabilities			
Borrowings	16	84,351	181,422
Deferred tax liabilities		2,785	1,178
Lease liabilities		1,188	5,845
Refund liabilities		24,792	26,097
Deferred income		64	79
		113,180	214,621
Net Assets		2,285,689	2,477,647
Capital and Reserves			
Share capital	18	273,023	273,023
Treasury shares	18	(46,036)	—
Reserves		2,032,701	2,184,699
Equity attributable to owners of the Company		2,259,688	2,457,722
Non-controlling interests		26,001	19,925
Total Equity		2,285,689	2,477,647

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025

	Attributable to owners of the Company									
	Share capital	Treasury shares	Share premium	Other reserve	Share-based payments reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024 (audited)	229,067	—	511,082	(18,287)	71,244	200,144	921,106	1,914,356	8,549	1,922,905
Profit and total comprehensive income for the period	—	—	—	—	—	—	47,433	47,433	4,819	52,252
Dividend declared (Note 11)	—	—	—	—	—	—	(91,627)	(91,627)	—	(91,627)
At June 30, 2024 (unaudited)	229,067	—	511,082	(18,287)	71,244	200,144	876,912	1,870,162	13,368	1,883,530
At January 1, 2025 (audited)	273,023	—	912,758	(18,287)	71,244	230,158	988,826	2,457,722	19,925	2,477,647
(Loss)/profit and total comprehensive (expense)/income for the period	—	—	—	—	—	—	(70,091)	(70,091)	6,076	(64,015)
Repurchase of shares (not cancelled) (Note 18)	—	(46,036)	—	—	—	—	—	(46,036)	—	(46,036)
Dividend declared (Note 11)	—	—	—	—	—	—	(81,907)	(81,907)	—	(81,907)
	—	(46,036)	—	—	—	—	(81,907)	(127,943)	—	(127,943)
At June 30, 2025 (unaudited)	273,023	(46,036)	912,758	(18,287)	71,244	230,158	836,828	2,259,688	26,001	2,285,689

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash from/(used in) operating activities	65,606	(13,685)
Investing activities		
Purchase of property, plant and equipment	(8,473)	(24,814)
Proceeds from disposal of property, plant and equipment	—	2
Purchases of intangible assets	(2,316)	(6,687)
Proceeds from disposal of financial products and structured deposits	—	6,005
Purchase of financial products and structured deposits	(10,000)	(6,000)
Withdrawal of pledged/restricted deposits	265,000	265,000
Interest received from pledged/restricted deposits	1,711	1,522
Placement of pledged/restricted deposits	(150,000)	(170,000)
Net cash from investing activities	95,922	65,028
Financing activities		
Proceeds from borrowings	800,740	904,300
Repayment of borrowings	(636,195)	(623,723)
Interest paid	(33,076)	(26,025)
Payments for H-share issue costs	—	(2,139)
Dividends paid to shareholders	—	(91,627)
Repayments of lease liabilities	(3,574)	(4,053)
Net cash from financing activities	127,895	156,733
Net increase in cash and cash equivalents	289,423	208,076
Cash and cash equivalents at beginning of the period	556,167	155,866
Effect of foreign exchange rate changes	3,667	92
Cash and cash equivalents at end of the period	849,257	364,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

1. GENERAL INFORMATION

Mokingran Jewellery Group Co., Ltd. (the “**Company**”) was established as a limited liability company in the PRC on September 8, 2000 and converted into a joint-stock company with limited liability under the Company Law of the PRC on June 29, 2018. The Company and its subsidiaries (collectively referred to as the “**Group**”) are primarily engaged in the design, production, wholesale and retail of jewellery in the PRC.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values, as appropriate.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than additional/change in accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

4. REVENUE AND SEGMENT INFORMATION

The Group is primarily engaged in the design, production, wholesale and retail of jewellery in the PRC.

The executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The Group's non-current assets are all located in Mainland China of the PRC and the Group's revenue are predominantly derived from Mainland China of the PRC. During the six months ended June 30, 2025, there was no revenue derived from transactions with a single external customer or a group of entities known to be under common control with that customer amounted to 10% or more of the Group's revenue.

The Group's revenue is generated from the sales of gold jewellery and other gold products, K gold jewellery, diamond inlaying jewellery and other products and provision of other services. Disaggregation of revenue from contracts with customers is as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of goods:		
— Gold jewellery and other gold products	10,135,196	9,834,885
— K gold jewellery, diamond inlaying jewellery and other products	262,860	99,925
Other services	52,863	44,934
Total	10,450,919	9,979,744
Geographical markets		
Mainland China	10,306,178	9,942,215
Overseas	144,741	37,529
Total	10,450,919	9,979,744
Timing of revenue recognition		
A point in time	10,425,104	9,953,053
Over time	25,815	26,691
Total	10,450,919	9,979,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

5. OTHER INCOME

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income from bank and other deposits	1,435	2,261
Other income from franchisees and provincial-dealers	2,896	1,533
Rental income	1,241	1,741
Government grants	2,748	2,844
Additional deduction for value-added tax ("VAT")	164	2,165
Others	—	104
	8,484	10,648

Note: For the six months ended June 30, 2025, income of approximately RMB2,732,000 (2024: RMB2,821,000) represented the subsidies from the relevant government authorities for the purpose of motivating the business development of the Group. The subsidies received are in substance a kind of immediate financial support to the Group with no future related costs and are recognised as income when the subsidies are received. There were no unfulfilled conditions for all the government grants in the period in which they were recognised. For the six months ended June 30, 2025, income of approximately RMB16,000 (2024: RMB23,000) represented the grants from the relevant government authorities for funding the purchase of certain non-current assets. The government grants received are recognised in profit or loss over the useful lives of the relevant non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

6. OTHER EXPENSES AND OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Direct operating expenses incurred for investment properties	(2,095)	(2,098)
Charitable contribution	(468)	(613)
Other expenses	(2,563)	(2,711)
Gain/(loss) on disposal of property, plant and equipment and termination of leases, net	418	(20)
Net foreign exchange gain	4,597	53
Net realised loss on Au (T+D) contracts (note)	(588,039)	(298,527)
Net realised loss on gold loans	—	(67,662)
Net realised gain on futures contract	527	—
Net unrealised (loss)/gain on gold loans	(110,765)	20,440
Fair value changes on financial assets at FVTPL	—	5
Others	(109)	599
Other gains and losses, net	(693,371)	(345,112)
Other expenses and other gains and losses, net	(695,934)	(347,823)

Note: The Group uses Au (T+D) contracts which are purchased on Shanghai Gold Exchange as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with gold products. The Au (T+D) contracts are settled on a daily basis.

The Group does not formally designate or document the hedging transactions with respect to the Au (T+D) contracts. Therefore, those transactions are not designated for hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

7. REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Reversal of impairment losses/(impairment losses), net recognised on:		
— Trade receivables	4,177	424
— Other receivables	1,798	(662)
Total	5,975	(238)

8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	62,328	16,754
Under provision of EIT in prior years	9,005	723
Deferred tax	(78,390)	(2,868)
	(7,057)	14,609

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the six months ended June 30, 2025 and 2024.

Certain subsidiaries are qualified as small low-profit enterprises by the relevant tax authorities. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the six months ended June 30, 2025 and 2024.

No provision for taxation in Hong Kong has been made as the Group's subsidiary in Hong Kong is operating at a loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

9. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period has been arrived at after charging/(crediting):

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	23,188	22,097
Depreciation of investment properties	2,095	2,098
Depreciation of right-of-use assets	3,596	5,356
Amortisation of intangible assets	1,827	915
Total depreciation and amortisation	30,706	30,466
Less: capitalised in inventories	(12,350)	(10,546)
	18,356	19,920
Write-down of inventories	(10,400)	(2,268)

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Company	(70,091)	47,433

Number of shares

	Six months ended June 30,	
	2025 '000 (Unaudited)	2024 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	272,091	229,067

No diluted (loss)/earnings per share for the six months ended June 30, 2025 and 2024 were calculated as there were no potential ordinary shares in issue for both periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

11. DIVIDENDS

During the current interim period, a final dividend of RMB0.3 per share in respect of the year ended December 31, 2024 (six months ended June 30, 2024: RMB0.4 per share in respect of the year ended December 31, 2023) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to RMB81,907,000 (six months ended June 30, 2024: RMB91,627,000). The final dividend was paid to owners of the Company in July 2025.

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB307,000 (six months ended June 30, 2024: RMB20,000) for cash proceeds of nil (six months ended June 30, 2024: RMB2,000), resulting in a loss on disposal of RMB307,000 (six months ended June 30, 2024: RMB18,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of RMB9,135,000 (six months ended June 30, 2024: RMB16,963,000).

During the current interim period, the Group acquired intangible assets of RMB1,183,000 (six months ended June 30, 2024: RMB88,000).

13. INVENTORIES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Raw materials	619,665	960,422
Work in progress	1,091	9,090
Finished goods (note)	1,773,871	1,552,134
Goods in transit	6,704	12,069
Consignment processing materials	3,599	2,787
Consumables	1,462	7,782
	2,406,392	2,544,284

Note: Included in the finished goods are items related to consignment arrangement amounted to nil (2024: RMB259,000) as at June 30, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

14. TRADE RECEIVABLES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Trade receivables	316,695	316,862
Less: Allowance for credit losses	(36,306)	(40,483)
Total	280,389	276,379

The Group primarily allows a credit period around 3 to 90 days, except for certain credit worthy customers, where the credit periods are extended to a longer period. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the dates of delivery or rendering of services at the end of each reporting period.

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Within 90 days	125,932	237,173
90–180 days	97,854	15,430
180 days–1 year	38,247	22,883
1–2 years	18,356	893
Total	280,389	276,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

15. TRADE AND BILLS PAYABLES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Bills payable under supplier finance arrangements (Notes i & ii)	140,000	370,000
Trade payables	37,356	24,083
	177,356	394,083

Notes:

- i. The bills payable were guaranteed by the Company and/or certain subsidiaries of the Group.
- ii. In order to ensure easy access to finance for a supplier of the Group, the Group permits a supplier to obtain payment from banks by discounting bills issued by the Group for the amount of gold that the Group agrees to purchase. The Group repays the banks the full bill amount on the due date of the bill. As the arrangements are part of the working capital used in the entity's normal operating cycle, the Group considers the bills payable under such supplier finance arrangements should be classified as trade and bills payables.

An aged analysis of the Group's trade payables presented based on the invoice date at the end of each reporting period is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Within 1 year	35,880	21,356
1–2 years	294	2,317
2–3 years	780	101
Over 3 years	402	309
	37,356	24,083

All bills payable issued by the Group are with a maturity period of less than one year.

16. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to RMB800,740,000 (six months ended June 30, 2024: RMB904,300,000). The borrowings carry interest at fixed interest rate of 3.50% to 6.00% and are repayable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

17. GOLD LOANS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Gold loans	661,604	359,087

The Group borrows gold from bank for 3 months to 12 months and pays a fixed fee to bank for the duration of the contract based on the value of gold at inception and relevant interest rates at inception. At maturity, the Group is obliged to deliver gold of the same type, quantity and quality to bank. The Group does not have an option to settle its obligation in cash. Gold loans representing the obligation to deliver gold are classified as liabilities at FVTPL at initial recognition.

The fair value of gold loans is determined with reference to quoted market bid price of gold traded in active liquid markets and classified as Level 2 of the fair value hierarchy.

18. SHARE CAPITAL AND TREASURY SHARES

	Number of shares '000	Share capital RMB'000	Treasure shares RMB'000	Total RMB'000
Issued and fully paid:				
At January 1, 2024 (audited)	229,067	229,067	—	229,067
Issue of shares upon IPO (Note i)	43,956	43,956	—	43,956
At December 31, 2024 (audited)	273,023	273,023	—	273,023
Repurchase of shares (Note ii)	—	—	(46,036)	(46,036)
At June 30, 2025 (unaudited)	273,023	273,023	(46,036)	226,987

Notes:

- On November 29, 2024, the Company was successfully listed on the Main Board of The Stock Exchange following the completion of issuance of approximately 43,956,000 new shares of RMB1.00 each, issued at an offer price of HK\$12.00 per share and the total proceed was HK\$527,482,000 (equivalent to approximately RMB487,156,000). An amount of RMB443,200,000, being the excess of the consideration received over the par value of the ordinary shares, was credited to share premium and share issue cost of RMB41,524,000 was debited to the share premium.
- During six months ended June 30, 2025, the Company repurchased 2,798,400 (six months ended June 30, 2024: nil) shares of its own planned as reward shares through The Stock Exchange of Hong Kong Limited by engaging a trustee. The aggregate consideration of shares repurchased was HK\$49,900,000 (equivalent to RMB46,036,000) (six months ended June 30, 2024: nil) (before expenses) and has been deducted from shareholders' equity. 2,798,400 (six months ended June 30, 2024: nil) shares were not cancelled and remained as treasury shares at the end of the Reporting Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2025

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

20. RELATED PARTY DISCLOSURES

Related party transactions

During the current and prior reporting periods, the Group and the Company have entered into the following transactions with related parties:

The Group

Relationship	Nature of transaction	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
The controlling shareholders	Short-term lease expenses	12	179

DEFINITIONS

In this interim report, unless the context otherwise require, the following expressions shall have the following meaning:

“Articles of Association”	the articles of association of the Company, as amended, which became effective on the Listing Date
“Audit Committee”	the audit committee of the Board
“Au (T+D)”	Au (T+D) is a standardized contract employed by the Shanghai Gold Exchange. It involves the delivery of a predetermined amount of gold at a predetermined price on a specified future date
“Board” or “Board of Directors”	the board of Directors
“Board Committees”	the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Sustainability Committee
“CG Code”	Corporate Governance Code as contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company” or “Mokingran”	MOKINGRAN JEWELLERY GROUP CO., LTD. (夢金園黃金珠寶集團股份有限公司), a limited liability company established in the PRC on September 8, 2000 and was further converted into a joint stock limited company on June 29, 2018, which was formerly known as “Changle Huaye Jewellery Limited* (昌樂華業珠寶有限公司)”, “Tianjin Mokingran Jewellery Limited* (天津夢金園珠寶首飾有限公司)”, “Tianjin Mokingran Gold Jewellery Limited* (天津夢金園黃金珠寶有限公司)” and “Mokingran Gold Jewellery Group Limited* (夢金園黃金珠寶集團有限公司)”
“Company Law”	the Company Law of the PRC
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Mr. Wang Guoxin, Ms. Wang Na, Jinmeng Partnership, Jinyuan Partnership, Jinlong Partnership and Tianjin Yuanjinmeng
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Employee Share Ownership Scheme”	the employee share ownership scheme adopted by the Company on March 10, 2016
“Employee Shareholding Platforms”	Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership

DEFINITIONS (CONTINUED)

“gold bullion”	gold bullion refers to high purity gold metal bulks primarily sold in bulk as an investment instrument for investors to hedge against currency, inflation and geopolitical risks, and is fundamentally different from gold jewellery which is primarily sold as a consumable good
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Jinlong Partnership”	Tianjin Jinlong Enterprise Management Partnership (Limited Partnership)* (天津金隆企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and the Controlling Shareholder
“Jinmeng Partnership”	Tianjin Jinmeng Enterprise Management Partnership (Limited Partnership)* (天津金夢企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and the Controlling Shareholder
“Jinyuan Partnership”	Tianjin Jinyuan Enterprise Management Partnership (Limited Partnership)* (天津金園企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 16, 2016 and the Controlling Shareholder
“K-gold”	alloy formed by fusion of gold and other metals, which the gold purity is no less than 375‰ and no more than 916‰
“Latest Practicable Date”	August 26, 2025 being the latest practicable date prior to the publication of this interim report for the purpose of ascertaining certain information contained herein
“Listing Date”	the day of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, November 29, 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Nomination Committee”	The nomination committee of the Board
“Prospectus”	the prospectus issued by the Company dated November 28, 2024

DEFINITIONS (CONTINUED)

“RMB”	Renminbi, the lawful currency of the PRC
“Remuneration and Appraisal Committee”	The remuneration and appraisal committee of the Board
“Reporting Period”	the six months ended June 30, 2025
“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)”	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holders of the Shares
“Strategy and Sustainability Committee”	the strategy and sustainability committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Tianjin Yuanjinmeng”	Tianjin Yuanjinmeng Enterprise Management Consultancy Co., Ltd.* (天津園金夢企業管理諮詢有限公司), a company established in the PRC on November 27, 2015 and the Controlling Shareholder
“Unlisted Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“%”	per cent
“‰”	thousandth