

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGDONG CHJ INDUSTRY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangdong CHJ Industry Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[111], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[111] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE.	5	5,836,458	6,452,441	9,237,865
Cost of sales		<u>(4,362,336)</u>	<u>(4,994,861)</u>	<u>(7,268,777)</u>
Gross profit		1,474,122	1,457,580	1,969,088
Other income and gains	5	57,291	30,840	36,692
Selling and distribution expenses		(827,894)	(761,740)	(792,344)
Administrative expenses		(160,027)	(170,475)	(221,860)
Research and development costs	6	(62,687)	(68,092)	(93,769)
Reversal of impairment losses/(impairment losses) on financial assets, net.		7,381	(449)	(2,990)
Impairment of goodwill	16	(39,433)	(176,814)	(171,186)
Impairment of investment in an associate. . .	18	—	(12,233)	(25,811)
Impairment of investment properties	14	—	(8,812)	(1,772)
Other expenses		(1,404)	(6,155)	(6,214)
Finance costs		(45,880)	(41,098)	(38,754)
Share of profits and losses of associates . . .	18	<u>1,189</u>	<u>(6,730)</u>	<u>(12,777)</u>
PROFIT BEFORE TAX.	6	402,658	235,822	638,303
Income tax expense.	10	<u>(72,630)</u>	<u>(66,651)</u>	<u>(166,763)</u>
PROFIT FOR THE YEAR.		<u>330,028</u>	<u>169,171</u>	<u>471,540</u>
Attributable to:				
Owners of the parent.		333,349	193,648	497,011
Non-controlling interests		<u>(3,321)</u>	<u>(24,477)</u>	<u>(25,471)</u>
		<u>330,028</u>	<u>169,171</u>	<u>471,540</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB yuan)	12	<u>0.38</u>	<u>0.22</u>	<u>0.56</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>330,028</u>	<u>169,171</u>	<u>471,540</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	430	2,463	(3,368)
Share of other comprehensive income/(loss) of an associate	<u>(157)</u>	<u>25</u>	<u>(919)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>273</u>	<u>2,488</u>	<u>(4,287)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive loss:			
Changes in fair value	<u>(1,391)</u>	<u>(1,501)</u>	<u>—</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(1,391)</u>	<u>(1,501)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>(1,118)</u>	<u>987</u>	<u>(4,287)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>328,910</u>	<u>170,158</u>	<u>467,253</u>
Attributable to:			
Owners of the parent	332,146	194,334	493,024
Non-controlling interests	<u>(3,236)</u>	<u>(24,176)</u>	<u>(25,771)</u>
	<u>328,910</u>	<u>170,158</u>	<u>467,253</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	577,166	505,344	431,312
Investment properties	14	6,834	161,966	231,118
Right-of-use assets	15(a)	69,023	62,627	89,422
Goodwill	16	685,634	508,820	337,634
Other intangible assets.	17	16,616	11,153	18,756
Investments in associates.	18	197,729	170,505	130,654
Financial assets at fair value through other comprehensive income	19	2,501	1,000	1,040
Prepayments, other receivables and other assets . .	24	95,533	66,725	52,417
Jewellery collectibles	20	40,298	40,935	40,808
Deferred tax assets	32	25,205	47,352	47,148
Total non-current assets		1,716,539	1,576,427	1,380,309
CURRENT ASSETS				
Inventories.	21	2,243,710	2,602,979	4,301,532
Completed properties for sale.	22	404,253	290,628	232,852
Trade receivables	23	286,284	363,712	669,931
Prepayments, other receivables and other assets . .	24	373,100	431,523	412,648
Financial assets at fair value through profit or loss	25	70,191	100,565	—
Cash and bank balances.	26	643,412	378,895	564,135
Total current assets		4,020,950	4,168,302	6,181,098
CURRENT LIABILITIES				
Trade payables	27	115,559	202,523	403,936
Other payables and accruals.	28	448,966	423,967	623,547
Gold loans	29	652,618	939,527	1,558,138
Interest-bearing bank borrowings	30	398,855	349,592	960,900
Lease liabilities	15(b)	34,269	30,745	31,663
Tax payable		43,691	61,886	76,916
Total current liabilities		1,693,958	2,008,240	3,655,100
NET CURRENT ASSETS		2,326,992	2,160,062	2,525,998
TOTAL ASSETS LESS CURRENT LIABILITIES		4,043,531	3,736,489	3,906,307

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	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,043,531</u>	<u>3,736,489</u>	<u>3,906,307</u>
NON-CURRENT LIABILITIES				
Provision	31	—	3,000	3,000
Interest-bearing bank and borrowings	30	195,762	36,000	64,500
Lease liabilities	15(b)	<u>30,251</u>	<u>27,575</u>	<u>20,169</u>
Total non-current liabilities		<u>226,013</u>	<u>66,575</u>	<u>87,669</u>
Net assets		<u><u>3,817,518</u></u>	<u><u>3,669,914</u></u>	<u><u>3,818,638</u></u>
EQUITY				
Equity attributable to owners of the parent . . .				
Issued capital	33	888,513	888,513	888,513
Reserves	35	<u>2,743,293</u>	<u>2,641,425</u>	<u>2,875,336</u>
		3,631,806	3,529,938	3,763,849
Non-controlling interests		<u>185,712</u>	<u>139,976</u>	<u>54,789</u>
Total equity		<u><u>3,817,518</u></u>	<u><u>3,669,914</u></u>	<u><u>3,818,638</u></u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital	Share premium*	Capital reserve*	Exchange fluctuation reserve*	Share award scheme reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	888,513	1,345,624	56	(20,991)	—	241,299	(95,808)	1,183,764	3,542,457	49,061	3,591,518
Profit for the year	—	—	—	—	—	—	—	333,349	333,349	(3,321)	330,028
Other comprehensive income for the year:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(1,391)	—	(1,391)	—	(1,391)
Share of other comprehensive loss of an associate	—	—	—	(157)	—	—	—	—	(157)	—	(157)
Exchange differences related to foreign operations	—	—	—	345	—	—	—	—	345	85	430
Total comprehensive income for the year	—	—	—	188	—	—	(1,391)	333,349	332,146	(3,236)	328,910
Equity-settled share award expense (note 34)	—	—	—	—	11,636	—	—	—	11,636	652	12,288
Transfer to statutory reserves	—	—	—	—	—	24,363	—	(24,363)	—	—	—
Final 2022 dividend declared (note 11)	—	—	—	—	—	—	—	(177,703)	(177,703)	—	(177,703)
Capital injections from non-controlling shareholders	—	—	(76,730)	—	—	—	—	—	(76,730)	141,455	64,725
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	(2,220)	(2,220)
At 31 December 2023	888,513	1,345,624	(76,674)	(20,803)	11,636	265,662	(97,199)	1,315,047	3,631,806	185,712	3,817,518

Year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital	Share premium*	Capital reserve*	Exchange fluctuation reserve*	Share award scheme reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	888,513	1,345,624	(76,674)	(20,803)	11,636	265,662	(97,199)	1,315,047	3,631,806	185,712	3,817,518
Profit for the year	—	—	—	—	—	—	—	193,648	193,648	(24,477)	169,171
Other comprehensive income for the year:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(1,501)	—	(1,501)	—	(1,501)
Share of other comprehensive income of an associate	—	—	—	25	—	—	—	—	25	—	25
Exchange differences related to foreign operations	—	—	—	2,162	—	—	—	—	2,162	301	2,463
Total comprehensive income for the year	—	—	—	2,187	—	—	(1,501)	193,648	194,334	(24,176)	170,158
Share of reserves of associates	—	—	714	—	—	—	—	—	714	—	714
Equity-settled share award expense (note 34)	—	—	—	—	11,796	—	—	—	11,796	1,609	13,405
Transfer to statutory reserves	—	—	—	—	—	14,769	—	(14,769)	—	—	—
Final 2023 dividend and interim dividend declared (note 11)	—	—	—	—	—	—	—	(310,979)	(310,979)	—	(310,979)
Acquisition of non-controlling interests	—	—	2,267	—	—	—	—	—	2,267	(22,569)	(20,302)
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	(600)	(600)
At 31 December 2024	888,513	1,345,624	(73,693)	(18,616)	23,432	280,431	(98,700)	1,182,947	3,529,938	139,976	3,669,914

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Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital	Share premium*	Capital reserve*	Exchange fluctuation reserve*	Share award scheme reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	888,513	1,345,624	(73,693)	(18,616)	23,432	280,431	(98,700)	1,182,947	3,529,938	139,976	3,669,914
Profit for the year	—	—	—	—	—	—	—	497,011	497,011	(25,471)	471,540
Other comprehensive loss for the year:											
Share of other comprehensive loss of an associate	—	—	—	(919)	—	—	—	—	(919)	—	(919)
Exchange differences related to foreign operations	—	—	—	(3,068)	—	—	—	—	(3,068)	(300)	(3,368)
Total comprehensive for the year	—	—	—	(3,987)	—	—	—	497,011	493,024	(25,771)	467,253
Share of reserves of associates	—	—	(344)	—	—	—	—	—	(344)	—	(344)
Equity-settled share award expense (note 34)	—	—	—	—	36,372	—	—	—	36,372	4,960	41,332
Transfer to statutory reserves	—	—	—	—	—	14,900	—	(14,900)	—	—	—
Final 2024 dividend and 2025 interim dividend declared (note 11)	—	—	—	—	—	—	—	(310,979)	(310,979)	—	(310,979)
Acquisition of non-controlling interests	—	—	(61)	—	—	—	—	—	(61)	(10,389)	(10,450)
Repurchase of shares in share award scheme (note 34)	—	—	15,899	—	—	—	—	—	15,899	(53,587)	(37,688)
Transfer of share-award scheme reserve upon vesting (note 34)	—	24,918	—	—	(24,918)	—	—	—	—	—	—
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	(400)	(400)
At 31 December 2025	888,513	1,370,542	(58,199)	(22,603)	34,886	295,331	(98,700)	1,354,079	3,763,849	54,789	3,818,638

* These reserve accounts comprise the consolidated reserves of RMB2,743,293,000, RMB2,641,425,000 and RMB2,875,336,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		402,658	235,822	638,303
Adjustments for:				
Interest income from time deposits	5	(8,693)	(6,026)	(6,621)
Investment income from financial assets at fair value through profit or loss	5	(1,907)	(3,088)	(2,470)
Finance costs		45,880	41,098	39,754
Changes in fair value of financial assets at fair value through profit or loss		505	(374)	565
Depreciation of property, plant and equipment	13	59,302	69,088	69,731
Depreciation of investment properties	14	368	5,738	8,419
Amortisation of other intangible assets	17	9,632	9,746	14,370
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net.	5	(24,898)	(493)	(813)
Depreciation of right-of-use assets	15(a)	47,537	40,202	32,860
Gain on termination of leases, net.	5	(879)	(259)	(13)
Impairment losses/(reversal of impairment losses) on financial assets, net		(7,381)	449	2,990
Equity-settled share award expense	34	12,288	13,405	41,332
Write-down/(reversal of write-down) of inventories to net realisable value	6	(481)	18,103	11,090
Impairment of goodwill	16	39,433	176,814	171,186
Impairment of investment properties	14	—	8,812	1,772
Impairment of investment in an associate.	18	—	12,233	25,811
Share of profits and losses of associates	18	(1,189)	6,730	12,777
Foreign exchange differences, net.		5	2,044	(1,070)
		572,180	630,044	1,059,973
Increase in inventories.		(37,377)	(377,372)	(1,709,643)
Decrease/(increase) in jewellery collectibles.		(20,484)	(637)	127
Increase in trade receivables.		(12,561)	(77,680)	(309,268)
Decrease/(increase) in prepayments, other receivables and other assets.		(880)	(56,909)	15,773
Decrease/(increase) in restricted cash		4	(5,080)	4,998
Decrease/(increase) in completed properties for sale . .		(8,112)	3,090	5,687
Increase/(decrease) in trade payables.		(28,637)	86,964	201,413
Increase in other payables and accruals		70,122	13,159	198,256
Increase in gold loans		133,681	287,625	617,549
Increase in provision.		—	3,000	—
Cash generated from operations		667,936	506,204	84,865

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	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash generated from operations		667,936	506,204	84,865
Income tax paid		(52,739)	(70,789)	(151,323)
Net cash flows from/(used in) operating activities		615,197	435,415	(66,458)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(194,954)	(99,766)	(28,646)
Purchases of other intangible assets		(10,618)	(4,873)	(22,171)
Purchase of leasehold land		—	—	(32,371)
Proceeds from disposal of items of property, plant and equipment, other intangible assets and leasehold land		7,689	61,584	1,868
Purchase of equity investments designated at fair value through other comprehensive income		—	—	(40)
Purchase of shareholdings in associates		(2,000)	(6,000)	—
Dividend income from investment in an associate		3,192	—	—
Placement of time deposits		(99,062)	(212,081)	(476,856)
Purchase of financial assets at fair value through profit or loss		(359,000)	(397,000)	(856,000)
Withdrawal of time deposits		58,933	229,062	510,102
Disposal of financial assets at fair value through profit or loss		374,000	367,000	956,000
Disposal of investments in associates		—	15,000	—
Interest received		3,256	20,427	10,408
Net cash flows from/(used in) investing activities		(218,564)	(26,647)	62,294
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(179,923)	(311,579)	(311,379)
Repayment of principal portion of lease liabilities		(46,958)	(41,136)	(34,910)
Interest paid		(44,518)	(42,823)	(41,884)
New bank borrowings		382,800	480,800	1,244,800
Repayment of bank borrowings		(541,627)	(688,816)	(601,800)
Repurchase of shares in share award scheme		—	—	(37,688)
Acquisition of non-controlling interests		—	(20,302)	—
Capital injections from non-controlling shareholders of a subsidiary .		64,725	—	—
Withdrawal of pledged deposits		3,000	7,200	18,800
Placement of pledged deposits		(7,200)	(12,800)	(28,200)
Proceeds from rental income from financing lease		515	449	441
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows from/(used in) financing activities		(369,186)	(629,007)	188,343
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27,447	(220,239)	184,179
Cash and cash equivalents at beginning of year		548,460	576,283	356,097
Effect of foreign exchange rate changes, net		376	53	(3,341)
CASH AND CASH EQUIVALENTS AT END OF YEAR		576,283	356,097	536,935
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances as stated in the consolidated statements of financial position		643,412	378,895	564,135
Restricted cash	26	(67,129)	(22,798)	(27,200)
Cash and cash equivalents as stated in the consolidated statements of cash flows		576,283	356,097	536,935

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	190,634	142,780	116,345
Investment properties	14	—	34,918	42,026
Right-of-use assets	15(a)	99,642	88,872	84,014
Other intangible assets	17	8,272	5,795	3,962
Investments in subsidiaries	43	1,711,010	1,534,007	1,377,098
Investments in associates	18	195,729	164,688	123,926
Financial assets at fair value through other comprehensive income	19	1,000	1,000	1,000
Prepayments, other receivables and other assets	24	381,620	653,656	616,195
Jewellery collectibles	20	40,298	40,935	40,808
Deferred tax assets	32	2,053	2,666	3,112
Total non-current assets		2,630,258	2,669,317	2,408,486
CURRENT ASSETS				
Inventories	21	789,474	625,346	1,907,047
Trade receivables	23	151,541	428,442	160,225
Prepayments, other receivables and other assets	24	276,165	229,436	162,977
Financial assets at fair value through profit or loss	25	40,153	30,187	—
Cash and bank balances	26	206,404	63,440	249,075
Total current assets		1,463,737	1,376,851	2,479,324
CURRENT LIABILITIES				
Trade payables	27	42,949	41,402	277,878
Other payables and accruals	28	242,768	298,221	869,446
Gold loans	29	28,740	110,916	136,542
Interest-bearing bank borrowings	30	81,109	58,448	237,114
Lease liabilities	15(b)	9,806	10,288	11,482
Tax payable		29,226	44,400	32,551
Total current liabilities		434,598	563,675	1,565,013
NET CURRENT ASSETS		1,029,139	813,176	914,311
TOTAL ASSETS LESS CURRENT LIABILITIES . . .		3,659,397	3,482,493	3,322,797

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		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES . . .		<u>3,659,397</u>	<u>3,482,493</u>	<u>3,322,797</u>
NON-CURRENT LIABILITIES				
Provision		—	1,500	1,500
Interest-bearing bank and borrowings.	30	—	—	9,000
Lease liabilities	15(b)	<u>94,197</u>	<u>83,909</u>	<u>78,457</u>
Total non-current liabilities		<u>94,197</u>	<u>85,409</u>	<u>88,957</u>
Net assets		<u><u>3,565,200</u></u>	<u><u>3,397,084</u></u>	<u><u>3,233,840</u></u>
EQUITY				
Equity attributable to owners of the parent				
Issued capital	33	888,513	888,513	888,513
Reserves	35	<u>2,676,687</u>	<u>2,508,571</u>	<u>2,345,327</u>
Total equity		<u><u>3,565,200</u></u>	<u><u>3,397,084</u></u>	<u><u>3,233,840</u></u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”). The registered office of the Company is located at Office Tower, Chaohongji Plaza, No. 98, Nanbin Road, Haojiang District, Shantou, Guangdong Province, China.

During the Relevant Periods, the principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) were the design, manufacture and sale of jewellery and handbags and the provision of franchise and related services.

As at 31 December 2025, the Company had direct or indirect interests in its major subsidiaries, of which the Group’s subsidiaries registered in the PRC are limited liability companies while others (incorporated in Hong Kong, Malaysia and Singapore) are private limited liability companies, which are set out below:

Name	Place and date of incorporation/registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangdong Chaohui Network Technology Co., Ltd.* (“Guangdong Chaohui”) (“廣東潮匯網絡科技有限公司”) (note (a))	PRC/Chinese mainland 30 November 2010	RMB14,285,700	90	—	Jewellery sales
CHJ Jewellery Co., Ltd.* (“CHJ Jewellery”) (“潮宏基珠寶有限公司”) (note (a))	PRC/Chinese mainland 25 September 2014	RMB450,000,000	100	—	Wholesale and retail of jewellery
Wuxi CHJ Accessories Co., Ltd.* (“Wuxi CHJ”) (“無錫市潮宏基首飾有限公司”) (note (a))	PRC/Chinese mainland 21 August 2007	RMB1,100,000	—	100	Jewellery sales
Hangzhou CHJ Trading Co., Ltd.* (“Hangzhou CHJ”) (“杭州潮宏基貿易有限公司”) (note (b))	PRC/Chinese mainland 25 January 2008	RMB2,000,000	—	100	Jewellery sales
Hefei CHJ Jewellery Co., Ltd.* (“Hefei CHJ”) (“合肥潮宏基珠寶有限公司”) (note (b))	PRC/Chinese mainland 13 July 2015	RMB1,000,000	—	100	Jewellery sales
Ningbo CHJ Jewellery & Accessories Co., Ltd.* (“Ningbo CHJ”) (“寧波潮宏基珠寶首飾有限公司”) (note (b))	PRC/Chinese mainland 4 November 2014	RMB1,000,000	—	100	Jewellery sales
Qingdao CHJ Jewellery Co., Ltd.* (“Qingdao CHJ”) (“青島潮宏基珠寶有限公司”) (note (b))	PRC/Chinese mainland 29 January 2015	RMB1,000,000	—	100	Jewellery sales
Jinan CHJ Trading Co., Ltd.* (“Jinan CHJ”) (“濟南潮宏基貿易有限公司”) (note (a))	PRC/Chinese mainland 4 August 2011	RMB5,000,000	—	100	Jewellery sales
Shenzhen CHJ Jewellery Co., Ltd.* (“Shenzhen CHJ”) (“深圳潮宏基珠寶有限公司”) (note (a))	PRC/Chinese mainland 25 April 2017	RMB1,000,000	—	100	Jewellery sales

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Name	Place and date of incorporation/registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shantou Chaohongji Real Estate Co., Ltd.* (“Shantou CHJ Real Estate”) (“汕頭市潮宏基置業有限公司”) (note (e))	PRC/Chinese mainland 21 December 2017	RMB120,000,000	100	—	Real estate development and operations
Venti Jewellery Co., Ltd.* (“Venti Jewellery”) (“梵迪珠寶有限公司”) (note (b))	PRC/Chinese mainland 16 July 2003	RMB50,000,000	100	—	Jewellery sales
CHJ International Limited (“CHJ International”) (note (b))	Hong Kong 26 November 2007	HK\$78,545,440	100	—	Investment and asset management
Fion (Asia Pacific) Limited (“Fion (Asia Pacific)”) (note (b))	Hong Kong 10 November 2008	HK\$23,390,439	—	94.62	Retail of luggage and bags
Guangdong Fion Leather Goods Co., Ltd.* (“Guangdong Fion”) (“廣東菲安妮皮具股份有限公司”) (note (c))	PRC/Chinese mainland 24 February 1992	RMB85,227,272	—	94.62	Wholesale and manufacture of handbags
Shenzhen Feiang Leather Goods Co., Ltd.* (“Shenzhen Feiang Leather”) (“深圳市飛昂皮具有限公司”) (note (b))	PRC/Chinese mainland 26 April 2019	RMB500,000	—	94.62	Leather good sales
Zeppelin Tech Holdings Limited (“Zeppelin Tech”) (note (b))	Hong Kong 14 June 2000	HK\$2,000	—	100	Investment and asset management
Fion Limited (“Fion (HK)”) (note (d))	Hong Kong 1 February 1996	HK\$231,013,031	—	100	Investment and asset management
CHJ International Jewelry Limited (note (b))	Hong Kong 26 November 2007	HK\$1,000,000	100	—	Trading of precious metal and jewellery

Notes:

- (a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by HuaXing Certified Public Accountants LLP (華興會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
 - (b) No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of establishment.
 - (c) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under PRC GAAP were audited by Huizhou Jinrui Certified Public Accountants LLP (惠州市金瑞會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
 - (d) The statutory financial statements for this entity for the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by HuaXing Certified Public Accountants LLP (華興會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
 - (e) The principal activities of Shantou CHJ Real Estate were changed to management services for the Company’s self-owned office buildings on 30 March 2026.
- * The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025 together with the relevant transitional provisions, have been early adopted on a consistent basis by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and gold loans which have been measured at fair value through profit or loss.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

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2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 *Presentation of Financial Statements*. The new HKFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made. HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the Group’s consolidated financial statements.

Except for the HKFRS 18, the adoption of the above standards and amendments will not expect to have significant impact on the operating results, comprehensive income and financial position of the Group.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of

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the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	10.00% to 33.33%
Buildings	3.17% to 19.20%
Plant and machinery	9.50% to 32.00%
Motor vehicles	6.79% to 19.20%
Office equipment	9.50% to 32.00%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs.

Investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives of 30 years.

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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 2 to 10 years.

Patent and licences

Patent and licence fees are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful lives of 1 to 16 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new technology is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Self-operated counters	1 to 5 years
Office premises	1 to 11 years
Leasehold land	30 to 45 years

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

(b) Lease liabilities

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

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of warehouse, office premises and stores (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets, which are not capitalised, are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as non-derivative financial liabilities measured at fair value through profit or loss designated as hedging instruments in an effective hedge, as appropriate.

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

The Group’s financial liabilities include trade payables, other payables and accruals, lease liabilities, interest-bearing bank borrowings and gold loans.

Subsequent measurement

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

Gold loans

Gold loans representing the obligation to deliver gold are classified as financial liabilities at fair value through profit or loss as the gold loans form part of a contract containing one or more embedded derivatives. The fair value of the gold loans is based on the open market price of gold. Fair value gains or losses on gold loans are recognised in inventories. Interest charged on gold loans are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

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Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as gold loan contracts to hedge its market risk of certain inventories. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

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The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Jewellery collectibles

Jewellery collectibles are those unique treasures with extremely high-value and are designated not for sale.

Jewellery collectibles are classified as non-current assets at cost less accumulated impairment loss, if any. Jewellery collectibles are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the period in which the item is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Completed properties for sale

Completed properties for sale are carried at the lower of cost and net realisable value and are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

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The Group transfers a property from completed properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party.

The Group transfers a property from completed properties for sale to property, plant and equipment when there is a change in use to hold the property for own use rather than for sale in the ordinary course of business, which is evidenced by the inception of own use.

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products for general replacement of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of replacements, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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(a) Sales of jewellery and handbags

Revenue from the sale of jewellery and handbags is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the jewellery and handbags.

(i) Rights of return

For contracts which provide certain customers with a right to return the products within a specified period, the expected value method is used to estimate the products that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Membership loyalty programmes

The Group maintains membership loyalty programmes, which allow customers to accumulate loyalty points upon purchase of products. The loyalty points can then be redeemed for discounts on products or other gifts, subject to certain terms and conditions. Under HKFRS 15, the membership loyalty programme gives rise to a separate performance obligation because it provides a material right to the customer and a portion of the transaction price is allocated to the loyalty points awarded to customers based on the relative stand-alone selling price and recognised as a contract liability until the points are redeemed or have expired.

(b) Provision of franchising and related sales services

The Group enters into franchising agreements that allow franchisees to use the Group’s brand and trademark, open franchise stores and procure products from its authorised suppliers. In exchange, the Group charges an annual fixed franchise service fee for use of the Group’s brand. Revenue from the provision of franchising service is recognised over the franchising period on a straight-line basis as the franchisee simultaneously receives and consumes the benefits provided by the Group.

The Group charges franchise management fees from franchises that allow franchisees to purchase jewellery and handbags from authorised suppliers. For contracts in which franchise service fee is calculated based on a pre-set price per gram or a pre-set percentage of the cost of the jewellery purchased by the franchisees from these authorised suppliers, and revenue is recognised at the point in time when the product is certified and transferred to franchisees.

For the other related services, revenue is recognised at the point in time upon completion of services.

Other income

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

Contract liabilities

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

Right-of-return assets

A right-of-return asset is recognised for the right to recover the products expected to be returned by customers. The asset is measured at the former carrying amount of the products to be returned, less any expected costs to recover the products and any potential decreases in the value of the returned products. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

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Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each of the Relevant Periods.

Share-based payments

The Company operates a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is measured at the market value of the shares, further details of which are given in note 34 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operate in Chinese mainland are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

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

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Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

The functional currencies of certain subsidiaries operating outside Chinese mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in membership loyalty programmes

The Group operates membership loyalty programmes that reward customers with membership with loyalty points for each purchase. Loyalty points are redeemable for discounts of future purchase or other gifts. The Group assessed that the points provide a material right to customers that they would not receive without entering into a contract. Consequently, the Group concludes that the promise to allow customers to purchase products at a discount or redeem gifts by using loyalty points is a performance obligation. The Group accounts for loyalty points as a separate identifiable performance obligation in addition to the performance obligation to transfer the products. The fair value of the consideration received or receivable from customers is allocated between the products sold and the loyalty points granted on the relative stand-alone selling price, i.e., the amounts for which each component could be sold separately.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As 31 December 2023, 2024 and 2025, the Group has tax losses of RMB100,778,000, RMB112,994,000 and RMB42,096,000 carried forward, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

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

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of jewellery and handbags with rights of return.

The Group provides limited return option for franchises. The Group uses the historical return data of franchises to estimate expected return rates. These rates are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return rates estimated by the Group.

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The Group updates its assessment of expected returns every half year and adjusts the right-of-return assets and refund liabilities accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group’s past experience, which may not be representative of customers’ actual returns in the future.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each of the Relevant Periods. The carrying amount of inventories is given in note 21 to the Historical Financial Information.

Net realisable value for completed properties for sale

Completed properties remaining unsold at the end of each of the Relevant Periods are stated at the lower of cost and net realisable value.

Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of completed properties for sale may be required. As at 31 December 2023, 2024 and 2025, the carrying amounts of completed properties for sale were RMB404,253,000, RMB290,628,000 and RMB232,852,000, respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2023, 2024 and 2025 were RMB685,634,000, RMB508,820,000 and RMB337,634,000, respectively. Further details are given in note 16 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

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

Provision for expected credit losses on trade receivables

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

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

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The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 23 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 41 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price to sale multiple. The Group classifies the fair values of these investments as Level 3. The fair values of the unlisted equity investments at 31 December 2023, 2024 and 2025 were RMB2,501,000, RMB1,000,000 and RMB1,040,000, respectively. Further details are included in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The directors and certain senior managers of the Company (hereinafter referred to as “senior management”) perform the functions of principal operating decision makers. Senior management reviews the internal reports of the Group to evaluate the performance of operating segments and allocate resources. The Company determines its operating segments based on such internal reporting.

The Company’s operating segments include the jewellery segment, the handbags segment and others. The jewellery segment engages in the production and sales of jewellery. The handbags segment engages in the production and sales of handbags.

The senior management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of profit before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. Segment assets exclude cash and cash equivalents, deferred tax assets, financial assets at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

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Set out below is the disaggregation of the segment information:

Year ended 31 December 2023

	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers	5,444,527	374,930	17,001	5,836,458
Intersegment sales.	<u>93</u>	<u>197</u>	<u>8,882</u>	<u>9,172</u>
Total segment revenue.	5,444,620	375,127	25,883	5,845,630
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(9,172)</u>
Revenue.				<u><u>5,836,458</u></u>
Segment results	426,562	(21,604)	537	405,495
<i>Reconciliation:</i>				
Elimination of intersegment results				<u>(2,837)</u>
Profit before tax				<u><u>402,658</u></u>
Segment assets	3,946,619	1,178,909	890,338	6,015,866
<i>Reconciliation:</i>				
Elimination of intersegment receivables.				<u>(278,377)</u>
Total assets				<u><u>5,737,489</u></u>
Segment liabilities	1,553,161	54,441	590,746	2,198,348
<i>Reconciliation:</i>				
Elimination of intersegment payables				<u>(278,377)</u>
Total liabilities				<u><u>1,919,971</u></u>
Other segment information				
Share of profits and losses of associates	—	—	1,189	1,189
Reversal of write-down of inventories to net realisable value	—	(481)	—	(481)
Impairment of goodwill	—	39,433	—	39,433
Reversal of impairment losses on financial assets, net	(6,707)	(674)	—	(7,381)
Depreciation and amortisation	85,858	23,880	7,101	116,839
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net	24,898	—	—	24,898
Income tax expense.	69,819	2,811	—	72,630
Investments in associates	—	—	197,729	197,729
Capital expenditure*	162,495	7,436	35,641	205,572

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Year ended 31 December 2024

	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers	6,169,936	273,038	9,467	6,452,441
Intersegment sales.	<u>369</u>	<u>650</u>	<u>13,552</u>	<u>14,571</u>
Total segment revenue.	6,170,305	273,688	23,019	6,467,012
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(14,571)</u>
Revenue.				<u><u>6,452,441</u></u>
Segment results	432,335	(187,635)	(8,640)	236,060
<i>Reconciliation:</i>				
Elimination of intersegment results				<u>(238)</u>
Profit before tax				<u><u>235,822</u></u>
Segment assets	4,485,449	1,009,754	854,663	6,349,866
<i>Reconciliation:</i>				
Elimination of intersegment receivables.				<u>(605,137)</u>
Total assets				<u><u>5,744,729</u></u>
Segment liabilities	2,033,946	51,695	594,311	2,679,952
<i>Reconciliation:</i>				
Elimination of intersegment payables				<u>(605,137)</u>
Total liabilities.				<u><u>2,074,815</u></u>
Other segment information				
Share of profits and losses of associates	—	—	(6,730)	(6,730)
Write-down of inventories to net realisable value	16,597	1,506	—	18,103
Impairment of goodwill	—	176,814	—	176,814
Impairment of an investment property	8,812	—	—	8,812
Impairment of investment in an associate.	—	—	12,233	12,233
Impairment losses on financial assets, net	590	(141)	—	449
Depreciation and amortisation	90,373	22,589	11,812	124,774
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net	263	230	—	493
Income tax expense.	68,519	(1,868)	—	66,651
Investments in associates	—	—	170,505	170,505
Capital expenditure*	57,227	7,423	39,989	104,639

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Year ended 31 December 2025

	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers	9,000,806	221,605	15,454	9,237,865
Intersegment sales.	<u>447</u>	<u>1,551</u>	<u>15,024</u>	<u>17,022</u>
Total segment revenue.	9,001,253	223,156	30,478	9,254,887
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(17,022)</u>
Revenue.				<u>9,237,865</u>
Segment results	891,088	(239,728)	(13,057)	638,303
<i>Reconciliation:</i>				
Elimination of intersegment results				<u>—</u>
Profit before tax				<u>638,303</u>
Segment assets	6,626,153	762,309	792,989	8,181,451
<i>Reconciliation:</i>				
Elimination of intersegment receivables.				<u>(620,044)</u>
Total assets				<u>7,561,407</u>
Segment liabilities	3,753,943	46,664	562,206	4,362,813
<i>Reconciliation:</i>				
Elimination of intersegment payables				<u>(620,044)</u>
Total liabilities.				<u>3,742,769</u>
Other segment information				
Share of profits and losses of associates	—	—	(12,777)	(12,777)
Write-down of inventories to net realisable value	386	10,704	—	11,090
Impairment of goodwill	—	171,186	—	171,186
Impairment of investment property	1,772	—	—	1,772
Impairment of investment in an associate.	—	—	25,811	25,811
Impairment losses on financial assets, net	3,140	(150)	—	2,990
Depreciation and amortisation	92,074	20,008	13,298	125,380
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net	813	—	—	813
Income tax expense.	171,684	(4,921)	—	166,763
Investments in associates	—	—	130,654	130,654
Capital expenditure*	68,556	7,833	6,799	83,188

* Capital expenditure consists of cash payments for purchase of property, plant and equipment, leasehold land and other intangible assets during the Relevant Periods.

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Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	5,817,283	6,426,039	9,069,563
Hong Kong	7,966	7,031	142,780
Other countries/regions	11,209	19,371	25,522
Total revenue	<u>5,836,458</u>	<u>6,452,441</u>	<u>9,237,865</u>

The revenue information above is based on the locations of the subsidiaries.

(b) Non-current assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	906,361	949,152	938,634
Hong Kong	2,584	1,679	776
Other countries/regions	6	4,602	3,681
Total non-current assets	<u>908,951</u>	<u>955,433</u>	<u>943,091</u>

The non-current asset information above is based on the locations of the assets and excludes goodwill, financial instruments and deferred tax assets.

Information about major customers

No revenue from the Group’s sales to a single customer or a group of customers under common control amounted to 10% or more of the Group’s revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	<u>5,836,458</u>	<u>6,452,441</u>	<u>9,237,865</u>

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Revenue from contracts with customers

(i) Disaggregated revenue information

Year ended 31 December 2023

Segments	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Type of products or services				
Sale of products	5,221,482	371,224	—	5,592,706
Provision of franchising and related sales services	213,694	459	—	214,153
Others	9,351	3,247	17,001	29,599
Total	<u>5,444,527</u>	<u>374,930</u>	<u>17,001</u>	<u>5,836,458</u>
Geographical markets				
Chinese mainland	5,444,527	355,755	17,001	5,817,283
Hong Kong	—	7,966	—	7,966
Other countries/regions	—	11,209	—	11,209
Total	<u>5,444,527</u>	<u>374,930</u>	<u>17,001</u>	<u>5,836,458</u>
Timing of revenue recognition				
Products transferred at a point in time	5,221,482	371,224	17,001	5,609,707
Service transferred at a point in time	163,263	3,279	—	166,542
Service transferred over time	59,782	427	—	60,209
Total	<u>5,444,527</u>	<u>374,930</u>	<u>17,001</u>	<u>5,836,458</u>

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Year ended 31 December 2024

Segments	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Type of products or services				
Sale of products	5,891,675	269,598	—	6,161,273
Provision of franchising and related sales services	263,006	460	—	263,466
Others	<u>15,255</u>	<u>2,980</u>	<u>9,467</u>	<u>27,702</u>
Total	<u>6,169,936</u>	<u>273,038</u>	<u>9,467</u>	<u>6,452,441</u>
Geographical markets				
Chinese mainland	6,160,418	256,154	9,467	6,426,039
Hong Kong	—	7,031	—	7,031
Other countries/regions	<u>9,518</u>	<u>9,853</u>	<u>—</u>	<u>19,371</u>
Total	<u>6,169,936</u>	<u>273,038</u>	<u>9,467</u>	<u>6,452,441</u>
Timing of revenue recognition				
Products transferred at a point in time	5,891,675	269,598	9,467	6,170,740
Service transferred at a point in time	198,892	3,045	—	201,937
Service transferred over time	<u>79,369</u>	<u>395</u>	<u>—</u>	<u>79,764</u>
Total	<u>6,169,936</u>	<u>273,038</u>	<u>9,467</u>	<u>6,452,441</u>

Year ended 31 December 2025

Segments	<u>Jewellery</u>	<u>Handbags</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Type of products or services				
Sale of products	8,679,742	220,007	—	8,899,749
Provision of franchising and related sales services	291,558	587	—	292,145
Others	<u>29,506</u>	<u>1,011</u>	<u>15,454</u>	<u>45,971</u>
Total	<u>9,000,806</u>	<u>221,605</u>	<u>15,454</u>	<u>9,237,865</u>
Geographical markets				
Chinese mainland	8,853,698	200,411	15,454	9,069,563
Hong Kong	134,215	8,565	—	142,780
Other countries/regions	<u>12,893</u>	<u>12,629</u>	<u>—</u>	<u>25,522</u>
Total	<u>9,000,806</u>	<u>221,605</u>	<u>15,454</u>	<u>9,237,865</u>
Timing of revenue recognition				
Products transferred at a point in time	8,679,742	220,007	15,454	8,915,203
Service transferred at a point in time	257,727	1,134	—	258,861
Service transferred over time	<u>63,337</u>	<u>464</u>	<u>—</u>	<u>63,801</u>
Total	<u>9,000,806</u>	<u>221,605</u>	<u>15,454</u>	<u>9,237,865</u>

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The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sale of products	82,412	72,287	70,266
Membership loyalty points	12,416	12,780	9,395
Total	94,828	85,067	79,661

(ii) *Performance obligations*

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

Sale of products

The sale of products including the sale of products in self-operated retail stores and e-commerce stores, sale of products to e-commerce platforms and sale of goods to franchisees.

The performance obligation is satisfied upon taking or delivery of the products in self-operated retail stores and e-commerce stores and payments are usually settled in cash or by credit/debit cards. For direct sales via self-operated counters under concession agreements, the performance obligation is satisfied upon delivery of the products to customers. The payment is collected by shopping malls, and settled monthly after checking and agreeing the sales records with the Group.

The performance obligation of sale of products to e-commerce platforms is satisfied upon the control of products transferred to e-commerce platforms and the payment is typically settled within 10 days after settlement date.

The performance obligation of sale of products to franchisees is satisfied upon delivery to their sites and the payment in advance is generally required. For some franchisees, sales are on credit and the credit term granted to such franchisees is generally within 90 days.

Provision of franchising and related sales services

The performance obligation of franchising services is satisfied over time as services are rendered and payment in advance is generally required. The performance obligation of supply chain management fee is satisfied when the product is certified and transferred to franchisees and the payment is within 90 days. The performance obligation of other related services is satisfied upon completion of services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	85,717	79,002	131,736
After one year	3,604	3,465	2,798
Total	89,321	82,467	134,534

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The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue after one year related to membership loyalty points. The Group does not have variable consideration which is constrained at the end of each of the Relevant Periods.

An analysis of the Group’s other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Bank interest income	9,223	8,392	2,870
Interest income from time deposits	8,693	6,026	6,621
Investment income from financial assets at fair value through profit or loss	1,907	3,088	2,470
Government grants*	7,986	5,800	14,252
Rental income	3,227	5,884	7,661
Others	478	524	922
Total other income	31,514	29,714	34,796
Gains			
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net	24,898	493	813
Gain on termination of leases, net.	879	259	13
Change in fair value of financial assets at fair value through profit or loss	—	374	—
Foreign exchange differences, net.	—	—	1,070
Total gains.	25,777	1,126	1,896
Total other income and gains	57,291	30,840	36,692

* The government grants mainly represent incentives awarded by the local governments to support the Group’s operation. There were no unfulfilled conditions or contingencies attached to these government grants.

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6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		4,302,935	4,926,914	7,189,732
Cost of services provided		59,882	49,844	67,955
Depreciation of property, plant and equipment*	13	59,302	69,088	69,731
Depreciation of investment properties	14	368	5,738	8,419
Depreciation of right-of-use assets	15(a)	47,537	40,202	32,860
Amortisation of other intangible assets*	17	9,632	9,746	14,370
Research and development costs**		62,687	68,092	93,769
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	15(c)	4,656	3,560	5,615
Expenses relating to short-term leases and low-value leases (included in administrative expenses and selling and distribution expenses)	15(c)	4,913	16,101	20,713
Bank interest income		(9,223)	(8,392)	(2,870)
Government grants		(7,986)	(5,800)	(14,252)
Auditor’s remuneration		1,600	1,600	1,600
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’, chief executive’s and supervisors’ remuneration (note 8)):				
Wages and salaries		419,584	393,314	455,641
Equity-settled share award expense***		9,216	10,054	30,999
Pension scheme contributions (defined contribution schemes)****		31,739	32,225	30,254
Staff welfare expenses		52,927	47,564	66,675
Total		513,466	483,157	583,569
Gain on termination of leases, net		(879)	(259)	(13)
Gain on disposal of items of property, plant and equipment, other intangible assets and leasehold land, net		(24,898)	(493)	(813)
Impairment of goodwill	16	39,433	176,814	171,186
Impairment of investment in an associate	18	—	12,233	25,811
Impairment of investment properties	14	—	8,812	1,772
Reversal of impairment losses/(impairment losses) on trade receivables, net	23	(7,556)	252	3,049
Reversal of impairment losses/(impairment losses) on financial assets included in prepayments, other receivables and other assets	24	175	197	(59)
Write-down/(reversal of write-down) of inventories to net realisable value*****		(481)	18,103	11,090
Foreign exchange differences, net		5	2,044	(1,070)

* The depreciation of property, plant and equipment and the amortisation of other intangible assets are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses” and “Research and development costs” in the consolidated statements of profit or loss.

** Research and development costs include part of employee benefit expense, depreciation of property, plant and equipment, amortisation of other intangible assets and depreciation of right-of-use assets.

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*** The equity-settled share award expense is included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses” and “Research and development costs” in the consolidated statements of profit or loss.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

***** The write-down/(reversal of write-down) of inventories to net realisable value is included in “Cost of sales” in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
	Notes			
Interest on bank loans		26,177	16,890	12,110
Interest on gold loans	29	16,022	21,119	24,141
Interest on lease liabilities	15(b)	3,681	3,089	2,503
Total		45,880	41,098	38,754

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

The remuneration of each of the Company’s directors, chief executive and supervisors is set out below:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Fees		300	360	390
Other emoluments:				
Salaries, allowances and benefits in kind		5,364	7,876	6,653
Bonuses		3,804	2,797	11,000
Equity-settled share award expense		3,072	3,351	10,333
Pension scheme contributions		252	265	210
Subtotal		12,492	14,289	28,196
Total		12,792	14,649	28,586

During the year ended 31 December 2023, certain directors were granted share awards of Guangdong Fion, in respect of their services to Guangdong Fion, under the share award scheme of Guangdong Fion, further details of which are set out in note 34 to the Historical Financial Information. The fair value of such awards, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors’ and chief executive’s remuneration disclosures.

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(a) Independent non-executive directors

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Liao Chaoli	100	120	—
Mr. Lin Tianhai	100	120	—
Mr. Xie Haoran	100	120	90
Mr. Zou Zhibo	—	—	120
Mr. Guo Jian	—	—	120
Ms. Tan Hanshan	—	—	60
Total	300	360	390

Mr. Liao Chaoli and Mr. Lin Tianhai resigned as independent non-executive directors on 22 November 2024. Mr. Zou Zhibo and Mr. Guo Jian were appointed as independent non-executive directors on 22 November 2024.

Ms. Tan Hanshan was appointed as an independent non-executive director on 25 June 2025. Mr. Xie Haoran resigned as an independent non-executive director on 25 June 2025 and was subsequently re-appointed as an independent non-executive director on 1 September 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind	Bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Year ended 31 December 2023</u>					
Executive directors:					
Mr. Liao Chuangbin*	1,297	1,080	—	42	2,419
Mr. Lin Junping	917	722	—	43	1,682
Mr. Xu Junxiong	880	642	3,072	42	4,636
Mr. Choi Chung Wa Raymond	1,266	655	—	43	1,964
Subtotal	4,360	3,099	3,072	170	10,701
Non-executive directors:					
Mr. Liao Muzhi	196	49	—	—	245
Mr. Zhong Mutian	120	30	—	—	150
Subtotal	316	79	—	—	395
Total	4,676	3,178	3,072	170	11,096

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	Salaries, allowances and benefits in kind	Bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Year ended 31 December 2024</u>					
Executive directors:					
Mr. Liao Chuangbin*	1,335	662	—	44	2,041
Mr. Lin Junping	1,874	526	—	48	2,448
Mr. Xu Junxiong	913	375	3,351	44	4,683
Mr. Choi Chung Wa Raymond	2,768	906	—	48	3,722
Subtotal	6,890	2,469	3,351	184	12,894
Non-executive directors:					
Mr. Liao Muzhi	196	—	—	—	196
Mr. Zhong Mutian	120	—	—	—	120
Subtotal	316	—	—	—	316
Total	7,206	2,469	3,351	184	13,210
	Salaries, allowances and benefits in kind	Bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Year ended 31 December 2025</u>					
Executive directors:					
Mr. Liao Chuangbin*	1,535	1,718	—	48	3,301
Mr. Lin Junping	1,486	3,481	—	53	5,020
Mr. Xu Junxiong	1,188	641	10,333	48	12,210
Mr. Choi Chung Wa Raymond	1,969	5,000	—	53	7,022
Subtotal	6,178	10,840	10,333	202	27,553
Non-executive directors:					
Mr. Liao Muzhi	196	49	—	—	245
Mr. Zhong Mutian	120	30	—	—	150
Ms. Weng Xuanhui**	159	81	—	8	248
Subtotal	475	160	—	8	643
Total	6,653	11,000	10,333	210	28,196

* Mr. Liao Chuangbin is the chief executive of the Company.

** Ms. Weng Xuanhui was appointed as the non-executive director on 1 September 2025.

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

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(c) Supervisors

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>Year ended 31 December 2023</u>				
Ms. Long Huimei	411	419	42	872
Mr. Zheng Chunsheng	277	207	40	524
Mr. Liao Hongbin	—	—	—	—
Total	<u>688</u>	<u>626</u>	<u>82</u>	<u>1,396</u>

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>Year ended 31 December 2024</u>				
Ms. Long Huimei	405	140	44	589
Mr. Zheng Chunsheng	231	164	35	430
Mr. Liao Hongbin	—	—	—	—
Ms. Weng Xuanhui	<u>34</u>	<u>24</u>	<u>2</u>	<u>60</u>
Total	<u>670</u>	<u>328</u>	<u>81</u>	<u>1,079</u>

Mr. Zheng Chunsheng resigned as the supervisor and Ms. Weng Xuanhui was appointed as the supervisor on 22 November 2024.

Pursuant to the amendment to the Company’s articles of association, the Group has not maintained supervisor positions for the year ended 31 December 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during each of the Relevant Periods included three, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining two, two and two highest paid employee who is neither a director nor chief executive of the Company during each of the Relevant periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,449	1,315	1,592
Bonuses	354	118	235
Equity-settled share award expense	7,977	8,702	15,195
Pension scheme contributions	10	13	19
Total	9,790	10,148	17,041

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

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
HK\$3,500,001 to HK\$4,000,000	1	—	—
HK\$4,000,001 to HK\$4,500,000	—	1	—
HK\$6,500,001 to HK\$7,000,000	1	—	—
HK\$7,000,001 to HK\$7,500,000	—	1	1
HK\$11,000,001 to HK\$11,500,000	—	—	1
Total	2	2	2

During the year ended 31 December 2023, share awards of Guangdong Fion were granted to two non-director and non-chief executive highest paid employees in respect of their services to Guangdong Fion, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair value of such awards, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant. The cumulative expense recognized in the Historical Financial Information in relation to these awards is included within the aggregate remuneration disclosed above for the highest-paid employees who are not directors or the chief executive.

10. INCOME TAX

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

Hong Kong Profits Tax

Pursuant to the relevant tax ordinance of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods, except for certain subsidiaries of the Group which are qualifying entities under the two-tiered profits tax rates regime, i.e., the first HK\$2,000,000 of assessable profits of these subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Singapore and Malaysia Profits Tax

Pursuant to the rules and regulations of Singapore and Malaysia, the subsidiaries in Singapore and Malaysia are subject to 17% and 24%, respectively, of their taxable income during the Relevant Periods.

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PRC Corporate Income Tax

The provision for PRC corporate income tax (“CIT”) is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The Company and Guangdong Fion are qualified as High and New Technology Enterprises and were entitled to a preferential income tax rate of 15% during the Relevant Periods, which will be expired on 19 December 2028.

Certain subsidiaries of the Company, CHJ Jewellery, Guangdong Fion and Venti Jewellery were qualified as small and micro enterprises, and the preferential income tax rate was 5% for the assessable profits below RMB3,000,000 during the Relevant Periods.

The major components of income tax expense of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current — Charge for the year	68,733	88,781	166,559
Deferred tax (<i>note 32</i>)	3,897	(22,130)	204
Total tax charge for the year	<u>72,630</u>	<u>66,651</u>	<u>166,763</u>

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax.	<u>402,658</u>	<u>235,822</u>	<u>638,303</u>
Tax at the applicable tax rate of 15%.	60,399	35,373	95,745
Effect of tax rate differences	7,017	4,812	21,700
Effect of preferential tax rates of subsidiaries	(3,239)	(8,784)	(2,349)
Adjustments in respect of current tax of previous years	2,153	650	1,422
Profits and losses attributable to associates	(178)	1,106	1,826
Income not subject to tax.	(235)	(631)	(311)
Tax losses utilised from previous periods	—	—	(1,143)
Expenses not deductible for tax.	9,380	32,388	50,134
Additional deductible allowance for research and development expenses.	(5,092)	(4,755)	(4,705)
Tax losses not recognised	2,425	2,050	289
Temporary difference not recognised	<u>—</u>	<u>4,442</u>	<u>4,155</u>
Tax charge at the Group’s effective tax rate	<u>72,630</u>	<u>66,651</u>	<u>166,763</u>

The effective tax rate for the years ended 31 December 2023, 2024 and 2025 were 18.0%, 28.3% and 26.1%, respectively. The increase in the effective tax rate in the year ended 31 December 2024 and 2025 were mainly due to the impairment of goodwill, which were not deductible for tax.

Expenses not deductible for tax mainly consist of equity-settled share award expense, impairment of goodwill and expenses without invoices.

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11. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interim dividends	—	88,851	88,851
Final dividends	177,703	222,128	222,128
Total	177,703	310,979	310,979

During each year of the Relevant Periods, the final dividends of RMB2.00, RMB2.50 and RMB2.50 per 10 shares (tax inclusive), respectively, were approved in annual general meetings in the respective years. All the final dividends were fully paid.

The interim dividends of RMB1.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were paid on 11 October 2024.

The interim dividends of RMB1.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2025 were paid on 15 October 2025.

The proposed final dividend of RMB3.50 per 10 shares (tax inclusive) for the year ended 31 December 2025 to the shareholders of the Group, amounting to a total of approximately RMB310,979,000 is subject to the approval of the Group’s shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods. The Company had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculations of the basic earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	333,349	193,648	497,011
Number of shares			
	Year ended 31 December		
	2023	2024	2025
Shares			
Weighted average number of ordinary shares outstanding in the Relevant Periods used in the basic earnings per share calculation	888,512,707	888,512,707	888,512,707

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost	210,483	467,573	65,963	5,711	56,528	28,286	834,544
Accumulated depreciation	(166,950)	(74,550)	(46,198)	(3,608)	(44,761)	—	(336,067)
Net carrying amount	43,533	393,023	19,765	2,103	11,767	28,286	498,477
At 1 January 2023, net of							
accumulated depreciation	43,533	393,023	19,765	2,103	11,767	28,286	498,477
Additions	36,300	40	4,102	537	16,020	67,533	124,532
Disposals	(3,788)	(23,691)	(282)	(31)	(2,064)	—	(29,856)
Depreciation provided during							
the year (note 6)	(29,317)	(18,171)	(3,216)	(442)	(8,156)	—	(59,302)
Transfers	—	116,687	—	—	22,439	(95,819)	43,307
Exchange realignment	—	8	—	—	—	—	8
At 31 December 2023, net of							
accumulated depreciation	46,728	467,896	20,369	2,167	40,006	—	577,166
At 31 December 2023:							
Cost	221,336	541,078	63,417	5,555	65,809	—	897,195
Accumulated depreciation	(174,608)	(73,182)	(43,048)	(3,388)	(25,803)	—	(320,029)
Net carrying amount	46,728	467,896	20,369	2,167	40,006	—	577,166
	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	221,336	541,078	63,417	5,555	65,809	—	897,195
Accumulated depreciation	(174,608)	(73,182)	(43,048)	(3,388)	(25,803)	—	(320,029)
Net carrying amount	46,728	467,896	20,369	2,167	40,006	—	577,166
At 1 January 2024, net of							
accumulated depreciation	46,728	467,896	20,369	2,167	40,006	—	577,166
Additions	44,200	950	6,002	662	9,568	—	61,382
Disposals	(3,972)	—	(268)	(40)	(698)	—	(4,978)
Depreciation provided during							
the year (note 6)	(30,591)	(21,205)	(3,460)	(528)	(13,304)	—	(69,088)
Transfers	—	(59,147)	—	—	—	—	(59,147)
Exchange realignment	(7)	10	1	(14)	19	—	9
At 31 December 2024, net of							
accumulated depreciation	56,358	388,504	22,644	2,247	35,591	—	505,344
At 31 December 2024:							
Cost	244,468	446,376	64,452	5,264	68,735	—	829,295
Accumulated depreciation	(188,110)	(57,872)	(41,808)	(3,017)	(33,144)	—	(323,951)
Net carrying amount	56,358	388,504	22,644	2,247	35,591	—	505,344

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	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost	244,468	446,376	64,452	5,264	68,735	—	829,295
Accumulated depreciation	(188,110)	(57,872)	(41,808)	(3,017)	(33,144)	—	(323,951)
Net carrying amount	<u>56,358</u>	<u>388,504</u>	<u>22,644</u>	<u>2,247</u>	<u>35,591</u>	<u>—</u>	<u>505,344</u>
At 1 January 2025, net of accumulated depreciation	56,358	388,504	22,644	2,247	35,591	—	505,344
Additions	12,816	2,341	2,943	760	4,577	298	23,735
Disposals	—	—	(53)	—	(713)	—	(766)
Depreciation provided during the year (note 6)	(32,748)	(19,876)	(3,656)	(444)	(13,007)	—	(69,731)
Transfers	—	(27,254)	—	—	—	—	(27,254)
Exchange realignment	(5)	(11)	—	—	—	—	(16)
At 31 December 2025, net of accumulated depreciation	<u>36,421</u>	<u>343,704</u>	<u>21,878</u>	<u>2,563</u>	<u>26,448</u>	<u>298</u>	<u>431,312</u>
At 31 December 2025:							
Cost	257,279	415,139	66,452	6,003	68,488	298	813,659
Accumulated depreciation	(220,858)	(71,435)	(44,574)	(3,440)	(42,040)	—	(382,347)
Net carrying amount	<u>36,421</u>	<u>343,704</u>	<u>21,878</u>	<u>2,563</u>	<u>26,448</u>	<u>298</u>	<u>431,312</u>

Certain of the Group’s property, plant and equipment with net carrying amounts of approximately RMB21,926,000, nil and nil as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 30).

The Company

	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost	8,310	149,425	47,379	4,666	28,952	27,953	266,685
Accumulated depreciation	(6,639)	(50,953)	(31,959)	(2,588)	(25,970)	—	(118,109)
Net carrying amount	<u>1,671</u>	<u>98,472</u>	<u>15,420</u>	<u>2,078</u>	<u>2,982</u>	<u>27,953</u>	<u>148,576</u>
At 1 January 2023, net of accumulated depreciation	1,671	98,472	15,420	2,078	2,982	27,953	148,576
Additions	901	—	4,000	537	10,387	67,004	82,829
Disposals	(770)	(23,691)	(273)	(31)	(1,395)	—	(26,160)
Depreciation provided during the year . .	(3,629)	(4,625)	(2,713)	(441)	(3,203)	—	(14,611)
Transfers	72,922	—	—	—	22,035	(94,957)	—
At 31 December 2023, net of accumulated depreciation	<u>71,095</u>	<u>70,156</u>	<u>16,434</u>	<u>2,143</u>	<u>30,806</u>	<u>—</u>	<u>190,634</u>
At 31 December 2023:							
Cost	76,654	106,177	44,963	4,432	39,660	—	271,886
Accumulated depreciation	(5,559)	(36,021)	(28,529)	(2,289)	(8,854)	—	(81,252)
Net carrying amount	<u>71,095</u>	<u>70,156</u>	<u>16,434</u>	<u>2,143</u>	<u>30,806</u>	<u>—</u>	<u>190,634</u>

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	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	76,654	106,177	44,963	4,432	39,660	—	271,886
Accumulated depreciation	(5,559)	(36,021)	(28,529)	(2,289)	(8,854)	—	(81,252)
Net carrying amount	<u>71,095</u>	<u>70,156</u>	<u>16,434</u>	<u>2,143</u>	<u>30,806</u>	<u>—</u>	<u>190,634</u>
At 1 January 2024, net of							
accumulated depreciation	71,095	70,156	16,434	2,143	30,806	—	190,634
Additions	951	—	5,835	388	4,435	—	11,609
Disposals	—	—	(2,071)	(33)	(24)	—	(2,128)
Depreciation provided during the year . .	(7,496)	(1,678)	(2,818)	(495)	(8,213)	—	(20,700)
Transfers	—	(36,635)	—	—	—	—	(36,635)
At 31 December 2024, net of accumulated depreciation	<u>64,550</u>	<u>31,843</u>	<u>17,380</u>	<u>2,003</u>	<u>27,004</u>	<u>—</u>	<u>142,780</u>
At 31 December 2024:							
Cost	77,605	52,522	38,366	3,989	43,902	—	216,384
Accumulated depreciation	(13,055)	(20,679)	(20,986)	(1,986)	(16,898)	—	(73,604)
Net carrying amount	<u>64,550</u>	<u>31,843</u>	<u>17,380</u>	<u>2,003</u>	<u>27,004</u>	<u>—</u>	<u>142,780</u>
	Leasehold improvements	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost	77,605	52,522	38,366	3,989	43,902	—	216,384
Accumulated depreciation	(13,055)	(20,679)	(20,986)	(1,986)	(16,898)	—	(73,604)
Net carrying amount	<u>64,550</u>	<u>31,843</u>	<u>17,380</u>	<u>2,003</u>	<u>27,004</u>	<u>—</u>	<u>142,780</u>
At 1 January 2025, net of accumulated depreciation	64,550	31,843	17,380	2,003	27,004	—	142,780
Additions	2,341	—	935	759	1,307	—	5,342
Disposals	—	—	(40)	—	(129)	—	(169)
Depreciation provided during the year . .	(7,771)	(1,555)	(2,757)	(392)	(8,410)	—	(20,885)
Transfers	—	(10,723)	—	—	—	—	(10,723)
At 31 December 2025, net of accumulated depreciation	<u>59,120</u>	<u>19,565</u>	<u>15,518</u>	<u>2,370</u>	<u>19,772</u>	<u>—</u>	<u>116,345</u>
At 31 December 2025:							
Cost	79,946	36,973	38,692	4,748	44,917	—	205,276
Accumulated depreciation	(20,826)	(17,408)	(23,174)	(2,378)	(25,145)	—	(88,931)
Net carrying amount	<u>59,120</u>	<u>19,565</u>	<u>15,518</u>	<u>2,370</u>	<u>19,772</u>	<u>—</u>	<u>116,345</u>

Certain of the Company’s property, plant and equipment with net carrying amounts of approximately RMB21,926,000, nil and nil as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure its subsidiary’s interest-bearing bank borrowings.

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14. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year			
Cost	11,492	11,492	217,719
Accumulated depreciation	(4,290)	(4,658)	(46,941)
Accumulated impairment	—	—	(8,812)
Net carrying amount	<u>7,202</u>	<u>6,834</u>	<u>161,966</u>
At beginning of year, net of accumulated depreciation and impairment.	7,202	6,834	161,966
Transfers	—	169,682	79,343
Depreciation provided during the year (note 6).	(368)	(5,738)	(8,419)
Impairment loss during the year*	—	(8,812)	(1,772)
At end of year, net of accumulated depreciation and impairment	<u>6,834</u>	<u>161,966</u>	<u>231,118</u>
At end of year:			
Cost	11,492	217,719	301,872
Accumulated depreciation	(4,658)	(46,941)	(60,170)
Accumulated impairment	—	(8,812)	(10,584)
Net carrying amount	<u>6,834</u>	<u>161,966</u>	<u>231,118</u>

* During the year ended 31 December 2024, the Group engaged an independent qualified professional valuer to perform a valuation of its commercial property in Qingdao. It was determined that the commercial store was impaired on the basis of its market comparable prices for similar properties. Accordingly, an impairment loss of RMB8,812,000 was recognised in the year ended 31 December 2024 in respect of the commercial store operations in Qingdao. The recoverable amount was by reference to market evidence of transaction prices for similar properties in the same locations and conditions, which is RMB45,773–56,014 per square meter.

During the year ended 31 December 2025, the Group engaged an independent qualified professional valuer to perform a valuation of its commercial property in Shantou. It was determined that the commercial store was impaired on the basis of its market comparable prices for similar properties. Accordingly, an impairment loss of RMB1,772,000 was recognised in the year ended 31 December 2025 in respect of the commercial store operations in Shantou. The recoverable amount was by reference to market evidence of transaction prices for similar properties in the same locations and conditions, which is RMB40,210–42,822 per square meter.

The investment properties are measured at cost. The fair values of the investment properties were RMB7,140,000, RMB170,630,000 and RMB242,380,000 as at 31 December 2023, 2024 and 2025, respectively, based on valuation performed by an independent professionally qualified valuer.

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Fair value and fair value hierarchy

The following table illustrates the fair value and fair value measurement hierarchy of the Group’s investment properties:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings–commercial properties	—	—	7,140	7,140

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings–commercial properties	—	—	81,760	81,760
Buildings–rental apartments	—	—	88,870	88,870
	—	—	170,630	170,630

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings-commercial properties	—	—	109,010	109,010
Buildings-rental apartments	—	—	133,370	133,370
	—	—	242,380	242,380

The fair value of investment properties disclosed in the Historical Financial Information was classified under Level 3 in the fair value hierarchy.

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Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Type	Valuation technique	Significant unobservable inputs
Buildings–commercial properties.	Market comparison method	Price per square metre
Buildings–rental apartments . . .	Income approach	Rental income Capitalisation rate or market yield

The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year			
Cost	—	—	53,655
Accumulated depreciation	—	—	(18,737)
Net carrying amount	—	—	34,918
At beginning of year, net of accumulated depreciation	—	—	34,918
Transfer.	—	36,635	10,723
Depreciation provided during the year.	—	(1,717)	(1,843)
Impairment loss during the year	—	—	(1,772)
At end of year, net of accumulated depreciation and impairment.	—	34,918	42,026
At end of year:			
Cost	—	53,655	69,204
Accumulated depreciation	—	(18,737)	(25,406)
Accumulated impairment	—	—	(1,772)
Net carrying amount	—	34,918	42,026

The investment properties are measured at cost. The fair values of the investment properties were nil, RMB37,740,000 and RMB44,650,000 as at 31 December 2023, 2024 and 2025, respectively, based on valuation performed by an independent professionally qualified valuer.

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Fair value and fair value hierarchy

The following table illustrates the fair value and fair value measurement hierarchy of the Company’s investment properties:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings–commercial properties	—	—	37,740	37,740

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings–commercial properties	—	—	44,650	44,650

The fair value of investment properties disclosed in the Historical Financial Information was classified under Level 3 in the fair value hierarchy.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Type	Valuation technique	Significant unobservable inputs
Buildings–commercial properties.	Market comparison method	Price per square metre

The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively.

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15. LEASES

The Group as a lessee

The Group has lease contracts for self-operated counters, office premises and leasehold land used in its operations. Leases of self-operated counters generally have lease terms between 1 and 5 years. Leases of office premises generally have lease terms between 1 and 11 years. Leases of leasehold land generally have lease terms between 30 and 45 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include variable lease payments, which are further discussed below.

(a) Right-of-use assets

	Self-operated counters	Office premises	Leasehold land	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	59,443	9,309	13,540	82,292
Additions	48,326	344	—	48,670
Disposal	—	—	(5,508)	(5,508)
Termination	(7,237)	(2,613)	—	(9,850)
Lease modifications	964	—	—	964
Depreciation provided during the year				
(note 6)	(43,430)	(3,728)	(379)	(47,537)
Exchange realignment	(8)	—	—	(8)
As at 31 December 2023 and 1 January 2024 . .	58,058	3,312	7,653	69,023
Additions	31,763	7,191	—	38,954
Termination	(4,955)	(125)	—	(5,080)
Lease modifications	(89)	—	—	(89)
Depreciation provided during the year (note 6).	(36,708)	(3,255)	(239)	(40,202)
Exchange realignment	21	—	—	21
As at 31 December 2024 and 1 January 2025 . .	48,090	7,123	7,414	62,627
Additions	21,328	9,831	32,371	63,530
Termination	(42)	—	—	(42)
Lease modifications	(3,947)	—	—	(3,947)
Depreciation provided during the year				
(note 6)	(29,378)	(2,704)	(778)	(32,860)
Exchange realignment	114	—	—	114
As at 31 December 2025	36,165	14,250	39,007	89,422

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(b) *Lease liabilities*

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	69,260	64,520	58,320
New leases	48,670	38,954	31,159
Accretion of interest recognised during the year (<i>note 7</i>)	3,681	3,089	2,503
Termination	(7,826)	(5,339)	(55)
Lease modifications	1,374	1,321	(2,682)
Payments	(50,639)	(44,225)	(37,413)
Carrying amount at end of year	<u>64,520</u>	<u>58,320</u>	<u>51,832</u>
Analysed into:			
Current portion	34,269	30,745	31,663
Non-current portion	<u>30,251</u>	<u>27,575</u>	<u>20,169</u>

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Lease liabilities repayable:			
Within 1 year	34,269	30,745	31,663
1 to 2 years	18,259	18,300	16,558
2 to 5 years	<u>11,992</u>	<u>9,275</u>	<u>3,611</u>
Total	<u>64,520</u>	<u>58,320</u>	<u>51,832</u>

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities (<i>note 7</i>)	3,681	3,089	2,503
Depreciation charge of right-of-use assets (<i>note 6</i>)	47,537	40,202	32,860
Gain on termination of leases, net (<i>note 5</i>)	(879)	(259)	(13)
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses) (<i>note 6</i>)	4,656	3,560	5,615
Expenses relating to short-term leases and low-value leases (included in administrative expenses and selling and distribution expenses) (<i>note 6</i>)	<u>4,913</u>	<u>16,101</u>	<u>20,713</u>
Total amount recognised in profit or loss	<u>59,908</u>	<u>62,693</u>	<u>61,678</u>

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(d) Variable lease payments

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fixed rent	50,639	44,225	37,413
Variable rent with minimum payment	4,656	3,560	5,615
Total	55,295	47,785	43,028

(e) The total cash outflows for leases are disclosed in note 36(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its investment properties consisting of certain office premises in Chinese mainland under operating lease arrangements. The terms of the leases generally requires the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognised by the Group during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Rental income (note 5)	3,227	5,884	7,661

As at the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with their tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	681	6,473	4,742
1 to 2 years	591	3,143	2,749
2 to 3 years	603	851	2,399
3 to 4 years	625	569	1,029
4 to 5 years	662	579	755
Over 5 years	97	445	144
Total	3,259	12,060	11,818

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The Company as a lessee

(a) Right-of-use assets

	Office premises	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	3,238	8,634	11,872
Additions	106,172	—	106,172
Disposal	—	(5,508)	(5,508)
Termination	(2,613)	—	(2,613)
Lease modifications	(123)	—	(123)
Depreciation provided during the year	(9,909)	(249)	(10,158)
As at 31 December 2023 and 1 January 2024	96,765	2,877	99,642
Depreciation provided during the year	(10,660)	(110)	(10,770)
As at 31 December 2024 and 1 January 2025	86,105	2,767	88,872
Lease modifications	6,755	—	6,755
Depreciation provided during the year	(11,504)	(109)	(11,613)
As at 31 December 2025	<u>81,356</u>	<u>2,658</u>	<u>84,014</u>

(b) Lease liabilities

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	3,359	104,003	94,197
New leases	106,172	—	—
Accretion of interest recognised during the year	4,121	4,208	4,055
Lease modifications	(123)	—	6,755
Payments	(9,526)	(14,014)	(15,068)
Carrying amount at end of year	<u>104,003</u>	<u>94,197</u>	<u>89,939</u>
Analysed into:			
Current portion	9,806	10,288	11,482
Non-current portion	<u>94,197</u>	<u>83,909</u>	<u>78,457</u>

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Lease liabilities repayable:			
Within 1 year	9,806	10,288	11,482
1 to 2 years	12,074	10,164	11,977
2 to 5 years	31,817	33,179	37,814
Over 5 years	50,306	40,566	28,666
Total	104,003	94,197	89,939

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

16. GOODWILL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	725,067	685,634	508,820
Impairment during the year (<i>note 6</i>)	(39,433)	(176,814)	(171,186)
Carrying amount at end of year	685,634	508,820	337,634

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to three individual cash-generating units for impairment testing as follows:

- (a) Venti cash-generating unit (“Venti unit”), which engages in the sale of jewellery;
- (b) Wuxi Chaohongji Jewellery Co., Ltd cash-generating unit (“Wuxi CHJ unit”), which engages in the sale of jewellery; and
- (c) Guangdong Fion cash-generating unit (“Fion unit”), which engages in the sale of handbags.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Venti unit	—	—	—
Wuxi CHJ unit	3,703	3,703	3,703
Fion unit	681,931	505,117	333,931
At end of year	685,634	508,820	337,634

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period for all units. Management considers that cash-generating unit’s value in use is higher than its fair value less costs of disposal based on the current available information. The pre-tax discount rates applied to the cash flow projections, the budgeted gross margins and the growth rates beyond the five-year period used to extrapolate the cash flows of the above cash-generating units are as follows:

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	As at 31 December		
	2023	2024	2025
Wuxi CHJ unit			
Budgeted gross margins	21.3%	20.9%	22.8%
Pre-tax discount rates	9.3%	8.4%	9.5%
Terminal growth rate	0.0%	0.0%	0.0%
Fion unit			
Budgeted gross margins	63.8%–64.9%	62.3%–64.1%	59.9%–60.8%
Pre-tax discount rates	12.4%	12.4%	12.2%
Terminal growth rate	0.0%	0.0%	0.0%

Assumptions were used in the value in use calculation of the cash-generating units for the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development and expected price change.

Pre-tax discount rates — The discount rates used are before tax. They are determined by reference to the average rates for similar industries and the business risks of the relevant business units as of 31 December 2023, 2024 and 2025, respectively.

Terminal growth rate — The growth rate used is based on the historical data and management’s expectation of the future market.

The values assigned to the key assumptions on budgeted gross margins, discount rates and growth rates are consistent with management’s past experience and external information sources.

As at 31 December 2023, 2024 and 2025, the recoverable amount of the Wuxi CHJ unit exceeds its carrying amount by RMB58,861,000, RMB43,675,000 and RMB55,599,000, respectively.

The carrying amount of the Fion unit which belonged to the Handbags segment was impaired by RMB39,433,000, RMB176,814,000 and RMB171,186,000 during the years ended 31 December 2023, 2024 and 2025, respectively. Consequently, the carrying amount of goodwill was written down accumulatedly by RMB480,742,000, RMB657,556,000 and RMB828,742,000, respectively. The recoverable amount of the Fion unit was RMB762,175,000, RMB581,178,000 and RMB403,826,000 as at 31 December 2023, 2024 and 2025, respectively.

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The following table illustrates the amounts by which the values assigned to the key assumptions must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the Wuxi CHJ unit’s recoverable amounts to be equal to its carrying amount.

	As at 31 December		
	2023	2024	2025
Wuxi CHJ unit			
Budgeted gross margins	16.8%	18.1%	19.4%

The following table sets forth the impact of reasonably possible changes in each of the key assumptions with all other variables held constant, on goodwill impairment testing as of the dates indicated.

	Decrease in recoverable amount of the cash-generating unit		
	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wuxi CHJ unit			
Budgeted gross margins decrease by 1%	13,104	15,357	16,363
Budgeted gross margins decrease by 3%	39,310	46,068	49,091
Discount rates increase by 1%	6,918	6,364	6,954
Discount rates increase by 3%	17,353	15,719	17,516
Fion unit			
Budgeted gross margins decrease by 1%	64,022	48,218	35,830
Budgeted gross margins decrease by 3%	192,067	144,653	107,491
Discount rates increase by 1%	80,234	65,274	48,737
Discount rates increase by 3%	208,367	169,362	126,223

17. OTHER INTANGIBLE ASSETS

The Group

	Software	Patents and licences	Total
	RMB’000	RMB’000	RMB’000
31 December 2023			
At 1 January 2023:			
Cost	26,586	17,123	43,709
Accumulated amortisation	(20,384)	(7,687)	(28,071)
Net carrying amount	6,202	9,436	15,638
Cost at 1 January 2023, net of accumulated amortisation	6,202	9,436	15,638
Additions	1,838	8,780	10,618
Disposal	—	(8)	(8)
Amortisation provided during the year (note 6)	(1,816)	(7,816)	(9,632)
At 31 December 2023, net of accumulated amortisation	6,224	10,392	16,616
At 31 December 2023:			
Cost	25,239	20,626	45,865
Accumulated amortisation	(19,015)	(10,234)	(29,249)
Net carrying amount	6,224	10,392	16,616

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	Software	Patents and licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
At 1 January 2024:			
Cost	25,239	20,626	45,865
Accumulated amortisation	<u>(19,015)</u>	<u>(10,234)</u>	<u>(29,249)</u>
Net carrying amount	<u>6,224</u>	<u>10,392</u>	<u>16,616</u>
Cost at 1 January 2024, net of accumulated amortisation	6,224	10,392	16,616
Additions	944	3,929	4,873
Disposal	—	(590)	(590)
Amortisation provided during the year (note 6)	<u>(1,638)</u>	<u>(8,108)</u>	<u>(9,746)</u>
At 31 December 2024, net of accumulated amortisation	<u>5,530</u>	<u>5,623</u>	<u>11,153</u>
At 31 December 2024:			
Cost	25,862	11,411	37,273
Accumulated amortisation	<u>(20,332)</u>	<u>(5,788)</u>	<u>(26,120)</u>
Net carrying amount	<u>5,530</u>	<u>5,623</u>	<u>11,153</u>
	Software	Patents and licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
At 1 January 2025:			
Cost	25,862	11,411	37,273
Accumulated amortisation	<u>(20,332)</u>	<u>(5,788)</u>	<u>(26,120)</u>
Net carrying amount	<u>5,530</u>	<u>5,623</u>	<u>11,153</u>
Cost at 1 January 2025, net of accumulated amortisation	5,530	5,623	11,153
Additions	1,541	20,630	22,171
Disposal	(203)	—	(203)
Exchange realignment	—	5	5
Amortisation provided during the year (note 6)	<u>(1,626)</u>	<u>(12,744)</u>	<u>(14,370)</u>
At 31 December 2025, net of accumulated amortisation	<u>5,242</u>	<u>13,514</u>	<u>18,756</u>
At 31 December 2025:			
Cost	27,120	31,384	58,504
Accumulated amortisation	<u>(21,878)</u>	<u>(17,870)</u>	<u>(39,748)</u>
Net carrying amount	<u>5,242</u>	<u>13,514</u>	<u>18,756</u>

Certain of the Group’s other intangible assets with net carrying amounts of approximately RMB2,877,000, nil and nil as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 30).

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The Company

	Software	Patents and licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
At 1 January 2023:			
Cost	15,821	500	16,321
Accumulated amortisation	<u>(13,337)</u>	<u>(369)</u>	<u>(13,706)</u>
Net carrying amount	<u>2,484</u>	<u>131</u>	<u>2,615</u>
Cost at 1 January 2023, net of accumulated amortisation	2,484	131	2,615
Additions	1,388	6,981	8,369
Amortisation provided during the year	<u>(937)</u>	<u>(1,775)</u>	<u>(2,712)</u>
At 31 December 2023, net of accumulated amortisation	<u>2,935</u>	<u>5,337</u>	<u>8,272</u>
At 31 December 2023:			
Cost	17,209	7,481	24,690
Accumulated amortisation	<u>(14,274)</u>	<u>(2,144)</u>	<u>(16,418)</u>
Net carrying amount	<u>2,935</u>	<u>5,337</u>	<u>8,272</u>
	Software	Patents and licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
At 1 January 2024:			
Cost	17,209	7,481	24,690
Accumulated amortisation	<u>(14,274)</u>	<u>(2,144)</u>	<u>(16,418)</u>
Net carrying amount	<u>2,935</u>	<u>5,337</u>	<u>8,272</u>
Cost at 1 January 2024, net of accumulated amortisation	2,935	5,337	8,272
Additions	573	—	573
Amortisation provided during the year	<u>(693)</u>	<u>(2,357)</u>	<u>(3,050)</u>
At 31 December 2024, net of accumulated amortisation	<u>2,815</u>	<u>2,980</u>	<u>5,795</u>
At 31 December 2024:			
Cost	17,782	7,481	25,263
Accumulated amortisation	<u>(14,967)</u>	<u>(4,501)</u>	<u>(19,468)</u>
Net carrying amount	<u>2,815</u>	<u>2,980</u>	<u>5,795</u>

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	Software	Patents and licences	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
At 1 January 2025:			
Cost	17,782	7,481	25,263
Accumulated amortisation	(14,967)	(4,501)	(19,468)
Net carrying amount	<u>2,815</u>	<u>2,980</u>	<u>5,795</u>
Cost at 1 January 2025, net of accumulated amortisation	2,815	2,980	5,795
Additions	1,446	—	1,446
Amortisation provided during the year	(923)	(2,356)	(3,279)
At 31 December 2025, net of accumulated amortisation	<u>3,338</u>	<u>624</u>	<u>3,962</u>
At 31 December 2025:			
Cost	19,228	7,481	26,709
Accumulated amortisation	(15,890)	(6,857)	(22,747)
Net carrying amount	<u>3,338</u>	<u>624</u>	<u>3,962</u>

18. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	152,802	138,086	124,046
Goodwill on acquisition	<u>44,927</u>	<u>32,419</u>	<u>6,608</u>
Total	<u>197,729</u>	<u>170,505</u>	<u>130,654</u>

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates’ profit/(loss) for the year	1,189	(6,730)	(12,777)
Share of an associate’s other comprehensive income/(loss)	(157)	25	(919)
Share of the associates’ total comprehensive income/(loss)	1,032	(6,705)	(13,696)
Impairment of investment in an associate (<i>note 6</i>)	—	(12,233)	(25,811)
Aggregate carrying amount of the Group’s investments in the associates.	<u>197,729</u>	<u>170,505</u>	<u>130,654</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	152,663	132,269	117,318
Goodwill on acquisition	43,066	32,419	6,608
Total	195,729	164,688	123,926

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value			
Wanmei interactive inc.	1,501	—*	—*
Guangzhou Private Investment Co., Ltd. (廣州民營投資股份有限公司)	1,000	1,000	1,000
Shantou Zhenxi Culture and Communication Co., Ltd. (汕頭市臻熙文化傳播有限公司)	—	—	40
Total	2,501	1,000	1,040

* The amounts were less than RMB500.

The above equity investments were irrevocably designated at fair value through other comprehensive income at initial recognition, as the Group determines these investments to be strategic in substance.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value			
Guangzhou Private Investment Co., Ltd. (廣州民營投資股份有限公司)	1,000	1,000	1,000

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20. JEWELLERY COLLECTIBLES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Jewellery collectibles	40,298	40,935	40,808

The amounts represent the aggregate cost of gem-set jewellery collectibles held by the Group which are designated as not for sale. In the opinion of the directors of the Company, the recoverable amounts of the jewellery collectibles are at least equivalent to their carrying amounts as at the end of each of the Relevant Periods.

21. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials.	212,129	239,748	389,404
Work in progress	126,133	265,238	393,594
Finished goods	1,905,448	2,097,993	3,518,534
Total	2,243,710	2,602,979	4,301,532

Certain inventories were designated as hedged items against hedging instruments of gold loans. The carrying amounts of these inventories including changes in fair values amounted to RMB35,653,000, RMB103,216,000 and RMB213,944,000 as at 31 December 2023, 2024 and 2025, respectively. Further details of fair values are disclosed in note 41 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials.	122,752	105,899	283,740
Work in progress	119,837	210,609	292,072
Finished goods	546,885	308,838	1,331,235
Total	789,474	625,346	1,907,047

The Company’s certain inventories were designated as hedged items against hedging instruments of gold loans. The carrying amounts of these inventories including changes in fair values amounted to RMB596,000, RMB14,019,000 and RMB35,516,000 at 31 December 2023, 2024 and 2025, respectively.

22. COMPLETED PROPERTIES FOR SALE

Completed properties for sale are hold by Shantou CHJ Real Estate, whose principal activities are real estate development and operations. Such completed properties for sale are accounted as inventories as at 31 December 2023, 2024 and 2025. The principal activities of Shantou CHJ Real Estate were changed to management services for the Company’s self-owned office buildings and Shantou CHJ Real Estate had ceased to engage in property development and sales on 30 March 2026.

Completed properties for sale which are expected to be recovered in more than twelve months after the end of each of the Relevant Periods are classified under current assets as it is expected to be realised in the Group’s normal operating cycle.

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No provision was made for write-down of completed properties for sale to net realisable value as at the end of each of the Relevant Periods.

23. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	313,455	391,169	700,281
Impairment	(27,171)	(27,457)	(30,350)
Net carrying amount	<u>286,284</u>	<u>363,712</u>	<u>669,931</u>

The Group’s trade receivables are usually generated from sales to franchisees, e-commerce platforms and customers whose sales proceeds are collected by shopping malls. For sales to franchisees, credit terms within 90 days are usually granted; for sales in self-operated retail stores with cash and bank payment collected by shopping malls, monthly payments are usually made upon checking and agreeing the sales records with the shopping malls; for sales to e-commerce platforms, payments are typically settled within 10 days after settlement date. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the days past due and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current (not past due)	227,468	287,760	595,631
Less than 1 year past due	58,280	75,069	59,214
1 to 2 years past due	332	883	14,754
2 to 3 years past due	<u>204</u>	<u>—</u>	<u>332</u>
Total	<u>286,284</u>	<u>363,712</u>	<u>669,931</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	37,591	27,171	27,457
Impairment losses/(reversal of impairment losses), net (<i>note 6</i>)	(7,556)	252	3,049
Amount written off as uncollectible	(2,864)	—	(150)
Exchange realignment	<u>—</u>	<u>34</u>	<u>(6)</u>
At end of year	<u>27,171</u>	<u>27,457</u>	<u>30,350</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing and customer type). The calculation reflects the probability- weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2023			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	23,278	100.00%	23,278
Remaining trade receivables aged:			
Current (not past due)	229,861	1.04%	2,393
Less than 1 year past due.	59,487	2.03%	1,207
1 to 2 years past due	422	21.33%	90
2 to 3 years past due	407	49.88%	203
Total	313,455	8.67%	27,171
As at 31 December 2024			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	21,501	100.00%	21,501
Remaining trade receivables aged:			
Current (not past due)	292,298	1.55%	4,538
Less than 1 year past due.	76,391	1.73%	1,322
1 to 2 years past due	979	9.81%	96
Total	391,169	7.02%	27,457
As at 31 December 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	21,658	100.00%	21,658
Remaining trade receivables aged:			
Current (not past due)	601,310	0.94%	5,679
Less than 1 year past due.	59,799	0.98%	585
1 to 2 years past due	16,961	13.01%	2,207
2 to 3 years past due	553	39.96%	221
Total	700,281	4.33%	30,350

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	152,572	429,522	163,063
Impairment	(1,031)	(1,080)	(2,838)
Net carrying amount	<u>151,541</u>	<u>428,442</u>	<u>160,225</u>

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current (not past due)	131,812	382,968	121,793
Less than 1 year past due	19,577	44,907	24,039
1 to 2 years past due	—	567	14,061
2 to 3 years past due	<u>152</u>	<u>—</u>	<u>332</u>
Total	<u>151,541</u>	<u>428,442</u>	<u>160,225</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	994	1,031	1,080
Impairment losses, net	736	49	1,907
Amount written off as uncollectible	<u>(699)</u>	<u>—</u>	<u>(149)</u>
At end of year	<u>1,031</u>	<u>1,080</u>	<u>2,838</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	149	100.00%	149
Remaining trade receivables aged:			
Current (not past due)	132,275	0.35%	463
Less than 1 year past due.	19,844	1.35%	267
1 to 2 years past due	—	—	—
2 to 3 years past due	304	50.00%	152
Total	152,572	0.68%	1,031
	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	160	100.00%	160
Remaining trade receivables aged:			
Current (not past due)	383,314	0.09%	346
Less than 1 year past due.	45,419	1.13%	512
1 to 2 years past due	629	9.86%	62
Total	429,522	0.25%	1,080
	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Remaining trade receivables aged:			
Current (not past due)	122,039	0.20%	246
Less than 1 year past due.	24,307	1.10%	268
1 to 2 years past due	16,164	13.01%	2,103
2 to 3 years past due	553	39.96%	221
Total	163,063	1.74%	2,838

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24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	<i>Note</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Current				
Prepayments		13,803	13,812	58,611
Deposits and other receivables		37,761	33,164	37,552
Deductible input value-added tax		112,021	187,221	125,864
Right-of-return assets	(a)	24,230	10,029	4,463
Tax recoverable		1,605	1,867	1,661
Time deposits		183,600	185,250	162,644
Finance lease receivables		436	482	509
Deferred [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
		373,456	431,825	412,872
Impairment allowance		(356)	(302)	(224)
Total		<u>373,100</u>	<u>431,523</u>	<u>412,648</u>
Non-current				
Time deposits		92,296	62,353	50,395
Prepayments for property, plant and equipment		498	1,930	462
Finance lease receivables		1,952	1,469	1,001
Prepayments		<u>787</u>	<u>973</u>	<u>559</u>
Total		<u>95,533</u>	<u>66,725</u>	<u>52,417</u>

Time deposit of RMB20,000,000 was pledged to secure interest-bearing bank borrowings which matured in 2023 was not released as at 31 December 2023.

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for the financial assets included in prepayments, other receivables and other assets under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	3,908	356	302
Impairment losses/(reversal of impairment losses), net (<i>note 6</i>)	175	197	(59)
Amount written off as uncollectible	<u>(3,727)</u>	<u>(251)</u>	<u>(19)</u>
At end of year	<u>356</u>	<u>302</u>	<u>224</u>

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The Company

		As at 31 December		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
Current				
Due from subsidiaries		26,517	109,682	25,239
Prepayments		1,328	1,448	24,122
Deposits and other receivables		1,707	1,867	6,606
Deductible input value-added tax		19,616	12,779	10,671
Right-of-return assets	(a)	22,186	473	—
Dividend receivable		40,000	—	—
Time deposits		164,375	102,705	74,262
Deferred [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Finance lease receivables		436	482	509
Total		276,165	229,436	162,977
Non-current				
Due from subsidiaries		286,874	589,833	564,337
Time deposits		92,296	62,354	50,395
Prepayments for property, plant and equipment		498	—	462
Finance lease receivables		1,952	1,469	1,001
Total		381,620	653,656	616,195

Note:

(a) *Right-of-return assets*

A right-of-return asset is recognised for the right to recover the products expected to be returned by customers. The asset is measured at the former carrying amount of the products to be returned, less any expected costs to recover the products and any potential decreases in the value of the returned products. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other unlisted investments, at fair value	<u>70,191</u>	<u>100,565</u>	<u>—</u>

The above other unlisted investments represented structured deposits and wealth management products issued by banks in Chinese mainland with a maturity period within one year. The fair values of the financial assets approximate to their costs plus expected returns. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other unlisted investments, at fair value	40,153	30,187	—

26. CASH AND BANK BALANCES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	643,412	378,895	564,135
Less: restricted cash	67,129	22,798	27,200
Cash and cash equivalents	576,283	356,097	536,935

The cash and cash equivalents and restricted cash are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents denominated in:			
RMB	554,664	333,657	502,039
Hong Kong dollar (“HK\$”)	20,144	18,219	28,735
Malaysian Ringgit (“MYR”)	—	2,422	4,458
Singapore dollar (“SGD”)	955	1,110	1,157
United States dollar (“US\$”)	518	689	534
Others	2	—	12
Total	576,283	356,097	536,935
Restricted cash denominated in:			
RMB	67,129	22,798	27,200

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying maturity periods of less than three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, proceeds from the disposal of leasehold land and buildings on Longxin Fifth Street included RMB55,000,000 placed in a designated escrow account and restrictions were released in May 2024 upon completion of the escrow release conditions.

As at 31 December 2023, 2024 and 2025, restricted cash of RMB7,200,000, RMB8,800,000 and RMB20,000,000 have been pledged for interest-bearing bank borrowings as disclosed in note 30 to the Historical Financial Information.

As at 31 December 2024 and 2025, restricted cash of RMB4,000,000 and RMB2,200,000, respectively, have been pledged for gold loans in note 29 to the Historical Financial Information.

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As at 31 December 2024 and 2025, restricted cash of RMB5,000,000 and RMB5,000,000, respectively, have been pledged for litigations as disclosed in note 31 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	206,404	63,440	249,075
Less: restricted cash	55,011	—	—
Cash and cash equivalents	151,393	63,440	249,075
Cash and cash equivalents denominated in:			
RMB	151,393	63,440	249,075
Restricted cash denominated in:			
RMB	55,011	—	—

27. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	115,530	202,501	403,921
1 to 2 years	29	22	1
2 to 3 years	—	—	14
Total	115,559	202,523	403,936

The trade payables were non-interest-bearing and are normally settled on 30-day to 60-day terms.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	42,949	41,402	277,878

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28. OTHER PAYABLES AND ACCRUALS

The Group

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	89,321	82,467	134,334
Other payables	(b)	174,582	160,818	270,773
Refund liabilities	(c)	32,816	13,560	6,497
Taxes payable other than corporate income tax.		23,695	49,255	37,659
Accruals		57,209	56,552	60,667
Payroll payable.		71,160	60,919	112,506
Rental received in advance.		83	156	706
Due to related parties (<i>note 39(b)</i>)		100	240	405
Total		<u>448,966</u>	<u>423,967</u>	<u>623,547</u>

The Company

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	23,810	38,828	101,327
Other payables	(b)	142,316	190,924	702,697
Refund liabilities	(c)	28,823	—	—
Taxes payable other than corporate income tax.		5,512	33,909	13,595
Accruals		18,443	15,500	15,412
Payroll payable.		23,826	19,060	36,381
Rental received in advance.		38	—	34
Total		<u>242,768</u>	<u>298,221</u>	<u>869,446</u>

Notes:

- (a) Details of contract liabilities are as follows:

The Group

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers</i>				
Sales of products	82,412	72,287	70,266	122,072
Loyalty point programmes	<u>18,231</u>	<u>17,034</u>	<u>12,201</u>	<u>12,262</u>
Total	<u>100,643</u>	<u>89,321</u>	<u>82,467</u>	<u>134,334</u>

The decreases in 2023 and 2024 were mainly due to the decrease of advances received from franchisees and decrease in value of per thousand loyalty points. The increase in contract liabilities as of 31 December 2025 was mainly due to the increase of advances received from franchisees, whose goods were not been shipped at end of period.

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The Company

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers</i>				
Sales of products	56,449	23,810	38,828	101,327
Total	56,449	23,810	38,828	101,327

- (b) Other payables of the Group were unsecured, non-interest-bearing and repayable on demand.

Other payables of the Company mainly consist of loans from subsidiaries. Except the loans from Guangdong Fion bear interest at the rate of 2.8%–4% per annum, other payables of the Company were unsecured, non-interest-bearing and repayable on demand.

- (c) Refund liabilities represented the obligation arising from the right of return to refund some or all of the consideration received (or receivable) from a customer. The Group updates its assessment of expected returns every half year and adjusts the right-of-return assets and refund liabilities accordingly.

29. GOLD LOANS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gold loans	652,618	939,527	1,558,138
Including:			
Gold loans designated as hedging instruments (a):			
Fair value hedge	652,618	939,527	1,558,138

Movements in gold loans:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	518,138	652,618	939,527
Increase in gold loans	1,114,201	1,519,216	3,658,325
Fair value changes of gold loans	89,143	223,313	567,858
Repayment of gold loans	(1,069,663)	(1,454,904)	(3,608,634)
Interest on gold loans (note 7)	16,022	21,119	24,141
Interest payment	(15,223)	(21,835)	(23,079)
Carrying amount at end of year	652,618	939,527	1,558,138

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gold loans	28,740	110,916	136,542
Including:			
Gold loans designated as hedging instruments (a):			
Fair value hedge	28,740	110,916	136,542
Movements in gold loans:			
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	102,501	28,740	110,916
Increase in gold loans	56,281	159,633	674,181
Fair value changes of gold loans	12,524	25,492	87,671
Repayment of gold loans	(142,553)	(103,163)	(736,279)
Interest on gold loans	15	229	677
Interest payment	(28)	(15)	(624)
Carrying amount at end of year	28,740	110,916	136,542

The Group borrows gold from certain banks with fixed terms varying from 1 to 12 months and a fixed interest from 1.75% to 3.50% to the banks based on the market value of gold at contract inception. At maturity, the Group is obliged to deliver gold of the same type, quantity and quality to the banks. Gold loans representing the obligation to deliver gold were classified as financial liabilities at fair value through profit or loss at initial recognition.

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

As at the end of each of the Relevant Periods, the gold loans were secured by the bank deposits of nil, RMB4,000,000 and RMB2,200,000, respectively, which are included in note 26 to the Historical Financial Information.

(a) Gold loans designated as hedging instruments

— Fair value hedge

All the gold loans were designated by the Group to hedge the exposure to variability in fair value changes attributable to price fluctuation risk associated with certain inventories.

At the inception of the hedging relationships, the Group formally designates and documents the hedge relationship to the inventories which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The fair value hedge was assessed to be highly effective during the Relevant Periods.

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30. INTEREST-BEARING BANK BORROWINGS

The Group

	Effective interest rate (%)	Maturity	2023 RMB'000
Current			
Bank loans — unsecured	3.40–3.65	2024	52,055
Bank loans — secured	1.40–3.60	2024	281,234
Current portion of long term bank loans — secured	4.20	2024	65,566
Total — current			398,855
Non-current			
Bank loans — secured	4.20	2025–2027	195,762
Total — non-current			195,762
Total			594,617
	Effective interest rate (%)	Maturity	2024 RMB'000
Current			
Bank loans — unsecured	3.00–3.15	2025	29,088
Bank loans — secured	1.10–3.20	2025	302,459
Current portion of long term bank loans — secured	3.00	2025	18,045
Total — current			349,592
Non-current			
Bank loans — secured	3.00	2026–2027	36,000
Total — non-current			36,000
Total			385,592
	Effective interest rate (%)	Maturity	2025 RMB'000
Current			
Bank loans — unsecured	2.50–2.80	2026	236,106
Bank loans — secured	1.45–2.80	2026	685,147
Current portion of long term bank loans — unsecured	2.70	2026	1,008
Current portion of long term bank loans — secured	2.70–3.00	2026	38,639
Total — current			960,900
Non-current			
Bank loans — unsecured	2.70	2027–2028	9,000
Bank loans — secured	2.70–3.00	2027–2028	55,500
Total — non-current			64,500
Total			1,025,400

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Notes:

- (i) All interest-bearing bank and other borrowings are denominated in RMB.
- (ii) As at 31 December 2023, the Group’s bank borrowings of RMB29,454,000, RMB261,328,000 and RMB71,776,000 were secured by the bank guarantee of RMB30,000,000, property, plant and equipment of RMB21,926,000, other intangible assets of RMB2,877,000 and restricted cash of RMB7,200,000, respectively, details of which are set out in note 13, note 17 and note 26 to the Historical Financial Information.

As at 31 December 2023, certain subsidiaries’ bank borrowings of RMB180,004,000 were guaranteed by the Company.

- (iii) As at 31 December 2024, the Group’s bank borrowings of RMB79,361,000 and RMB88,000,000 were secured by the bank guarantee of RMB80,000,000 and restricted cash of RMB8,800,000, respectively, details of which are set out in note 26 to the Historical Financial Information.

As at 31 December 2024, certain subsidiaries’ bank borrowings of RMB189,143,000 were guaranteed by the Company.

- (iv) As at 31 December 2025, the Group’s bank borrowings of RMB300,000,000 and RMB200,000,000 were secured by the bank guarantee of RMB300,000,000 and restricted cash of RMB20,000,000, respectively, details of which are set out in note 26 to the Historical Financial Information.

As at 31 December 2025, certain subsidiaries’ bank borrowings of RMB279,286,000 were guaranteed by the Company.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Within one year	398,855	349,592	960,900
In the second year.	65,254	18,000	36,500
In the third to fifth years, inclusive.	130,508	18,000	28,000
Total	594,617	385,592	1,025,400

The Company

	Effective interest rate	Maturity	2023
	(%)		RMB'000
Bank loans — unsecured	3.40–3.65	2024	52,055
Bank loans — secured.	2.95	2024	29,054
Total			81,109

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	Effective interest rate (%)	Maturity	2024 <i>RMB'000</i>
Bank loans — unsecured	3.00–3.15	2025	29,088
Bank loans — secured	2.45	2025	29,360
Total			<u>58,448</u>
	Effective interest rate (%)	Maturity	2025 <i>RMB'000</i>
Current			
Bank loans — unsecured	2.50–2.80	2026	236,106
Current portion of long term bank loans — unsecured	2.70	2026	<u>1,008</u>
Total — current			<u>237,114</u>
Non-current			
Bank loans — unsecured	2.70	2027–2028	<u>9,000</u>
Total			<u>246,114</u>
	As at 31 December		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Analysed into:			
Within one year	81,109	58,448	237,114
In the second year	—	—	1,000
In the third to fifth years, inclusive	<u>—</u>	<u>—</u>	<u>8,000</u>
Total	<u>81,109</u>	<u>58,448</u>	<u>246,114</u>

Notes:

- (i) All interest-bearing bank and other borrowings are denominated in RMB.
- (ii) As at end of each of the Relevant Periods, the Company’s bank borrowings of RMB29,054,000, RMB29,360,000 and nil were secured by the bank guarantee of RMB30,000,000, RMB30,000,000 and nil, respectively.

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31. PROVISION

The Group

During the years ended 31 December 2024 and 2025, some subsidiaries of the Group were defendants in lawsuits. The Group has accrued the probable liabilities for the lawsuits. The movements of the related liabilities in aggregate are as follows:

	<u>Lawsuits</u>
	<i>RMB’000</i>
At 1 January 2023, 31 December 2023 and 1 January 2024	—
Additional provision (<i>note (a) & note (b)</i>)	<u>3,000</u>
At 31 December 2024 and 31 December 2025	<u><u>3,000</u></u>

Note (a)

On 18 July 2024, Guangdong Chaohui received a notice of response from the Beijing Xicheng District People’s Court. Guangdong Chaohui, together with CHJ Jewellery and the Company were sued by Bulgari S.P.A. for infringement damages of RMB5,000,000. As at the date of this report, the case was accepted in the Beijing Xicheng District People’s Court for trial. The first instance has been heard but no judgment has been made. Based on available evidences, provision of RMB1,500,000 was made in respect of this proceeding as at 31 December 2024 and 31 December 2025. Restricted cash of RMB5,000,000 has been frozen by court, which is disclosed in note 26 to the Historical Financial Information.

Note (b)

In September 2024, Richemont International SA (“Richemont”) commenced legal action against the Company, CHJ Jewellery and Guangdong Chaohui, alleging trademark infringement and trade dress violations. The plaintiff is seeking RMB5,000,000 in jointly and severally liable damages from the Company and CHJ Jewellery, along with a separate claim of RMB3,000,000 against Guangdong Chaohui, in addition to RMB500,000 collectively from all three defendants to cover Richemont’s reasonable enforcement expenses.

On June 24, 2025, the Suzhou Intermediate People’s Court ruled that the trademark rights and unfair infringement dispute case between Richemont and the Company would be split into two cases for trial: case 1-the bracelet product dispute case would be heard by the Suzhou Intermediate People’s Court (Intellectual Property Court), and case 2-the necklace product dispute case would be heard by the Longhu District People’s Court of Shantou City.

For the case 1, Suzhou Intermediate People’s Court held the Group liable and ordered a damages of RMB1,000,000 with a declaration on one of the Group’s subsidiaries to be jointly and severally liable for RMB400,000 of such damages.

As at the date of this report, the Group were making an appeal for the judgement by the court in July 2025 and the Group were waiting for the judgement of first instance in relation to the alleged infringement of trademarks.

About case 2, the dispute case over the necklace product has not yet been heard in court.

In the opinion of the Directors, the best estimation of the liabilities for case 1 and case 2 were RMB1,500,000 for each as at 31 December 2025.

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32. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of trade and other receivables	Impairment of inventories	Impairment of investment properties	Unredeemed member loyalty points	Unrealised profits from inter- company transactions	Lease liabilities	Accrued expense	Refund liabilities and provision	Amortisation allowance in excess of related amortisation	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	9,845	1,817	—	4,413	3,391	7,422	602	7,059	243	6,345	41,137
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(3,392)	(72)	—	(219)	(1,298)	(1,650)	(602)	(310)	(243)	875	(6,911)
Exchange differences	—	—	—	—	—	5	—	—	—	13	18
At 31 December 2023 and 1 January 2024	6,453	1,745	—	4,194	2,093	5,777	—	6,749	—	7,233	34,244
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(41)	1,246	441	(1,209)	17,468	(781)	—	(355)	—	3,307	20,076
Exchange differences	—	—	—	—	—	1	—	—	—	17	18
At 31 December 2024 and 1 January 2025	6,412	2,991	441	2,985	19,561	4,997	—	6,394	—	10,557	54,338
Deferred tax credited/(charged) to profit or loss during the year (note 10)	625	1,749	2,028	37	(7,918)	4,581	—	560	—	1,481	3,143
At 31 December 2025	7,037	4,740	2,469	3,022	11,643	9,578	—	6,954	—	12,038	57,481

Deferred tax liabilities

	Changes in fair value of financial assets through profit or loss	Right-of-use assets	Right-of- return assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	24	6,771	5,070	183	12,048
Deferred tax charged/(credited) to profit or loss during the year (note 10)	5	(1,574)	(1,436)	(9)	(3,014)
Exchange differences	—	5	—	—	5
At 31 December 2023 and 1 January 2024	29	5,202	3,634	174	9,039
Deferred tax charged/(credited) to profit or loss during the year (note 10)	56	(617)	(1,460)	(33)	(2,054)
Exchange differences	—	1	—	—	1
At 31 December 2024 and 1 January 2025	85	4,586	2,174	141	6,986
Deferred tax charged/(credited) to profit or loss during the year (note 10)	(85)	4,577	(1,223)	78	3,347
At 31 December 2025	—	9,163	951	219	10,333

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	25,205	47,352	47,148

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	100,778	112,994	42,096
Deductible temporary differences	—	22,026	25,811
Total	100,778	135,020	67,907

The Group has tax losses arising in Hong Kong of RMB50,612,000, RMB53,923,000 and RMB6,976,000 as at 31 December 2023, 2024 and 2025, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Chinese mainland of RMB50,166,000, RMB59,071,000 and RMB35,120,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of trade and other receivables	Impairment of investment properties	Impairment of inventories	Lease liabilities	Refund liabilities and provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	149	—	—	520	6,682	7,351
Deferred tax credited/(charged) to profit or loss during the year	6	—	—	14,659	(1,978)	12,687
At 31 December 2023 and 1 January 2024	155	—	—	15,179	4,704	20,038
Deferred tax credited/(charged) to profit or loss during the year	7	—	1,021	(1,398)	(3,957)	(4,327)
At 31 December 2024 and 1 January 2025	162	—	1,021	13,781	747	15,711
Deferred tax credited/(charged) to profit or loss during the year	264	266	57	(539)	(360)	(312)
At 31 December 2025	<u>426</u>	<u>266</u>	<u>1,078</u>	<u>13,242</u>	<u>387</u>	<u>15,399</u>

Deferred tax liabilities

	Changes in fair value of financial assets through profit or loss	Right-of-use assets	Right-of- return assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	486	4,885	183	5,554
Deferred tax charged/(credited) to profit or loss during the year	23	13,990	(1,557)	(25)	12,431
At 31 December 2023 and 1 January 2024	23	14,476	3,328	158	17,985
Deferred tax charged/(credited) to profit or loss during the year	5	(1,592)	(3,328)	(25)	(4,940)
At 31 December 2024 and 1 January 2025	28	12,884	—	133	13,045
Deferred tax charged/(credited) to profit or loss during the year	(28)	(704)	—	(26)	(758)
At 31 December 2025	<u>—</u>	<u>12,180</u>	<u>—</u>	<u>107</u>	<u>12,287</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,053	2,666	3,112

33. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Authorised:			
Ordinary shares with par value of RMB1.00 each	888,513	888,513	888,513
Issued and fully paid:			
Ordinary shares with par value of RMB1.00 each	888,513	888,513	888,513

A summary of movements in the Company’s share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2023, 31 December 2023, 31 December 2024 and 31 December 2025	888,512,707	888,513

34. SHARE AWARDS

On 1 February 2023, one of the Company’s subsidiaries, Guangdong Fion adopted an employee shareholding plan (“Employee Shareholding Plan”) in order to incentivise certain directors and employees to contribute to the growth and development of Guangdong Fion through an award of shares of Guangdong Fion. The shares underlying the awards granted under the Employee Shareholding Plan are either held directly by the directors/employees or through Gongqingcheng Gaobang Investment Partnership (LLP) (“GQC LLP”).

A total of 10,227,272 restricted share units (“RSUs”) of Guangdong Fion with par value of RMB1.00 each were granted to these directors and employees of Guangdong Fion at a subscription price of RMB6.16 per share. These directors and employees shall serve at Guangdong Fion or its subsidiaries for a minimum period of 60 months. The Group accounts for the Employee Shareholding Plan as an equity-settled plan.

The fair value of services received in return for shares granted was measured by reference to the fair value of RSUs granted and the subscription price paid by employees. The fair value of the shares granted is measured at the grant date using the income approach (discounted cash flow (“DCF”) method). No expected dividends of the shares granted was incorporated into the measurement of the fair value. Best estimates of key assumptions of the DCF method, such as the discount rates and projections of future performance, are required to be determined by management.

The difference between the fair value of the RSUs granted and the subscription price was approximately RMB67,025,000, and no RSUs granted were vested from the grant date till the Board resolved to terminate the Employee Shareholding Plan on 1 December 2025. It was determined that Guangdong Fion would repurchase all the shares held by incentive recipients (the “Repurchased Shares”), excluding a director of Guangdong Fion, whose shares would be vested immediately (the “Vested Shares”).

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For the Repurchased Shares, the repurchase price shall be equivalent to the original subscription amount paid for such shares or the original subscription amount plus an annualized interest of 4%. The repurchase price was RMB37,688,000. Following the completion of the share repurchase, the repurchased Guangdong Fion shares will be cancelled. The cancellation occurred during the vesting period. It was treated as an acceleration of vesting on 1 December 2025, and the Group recognised immediately the equity-settled share award expense of RMB16,942,000 that would otherwise have been recognised for services received over the remainder of the vesting period.

For the Vested Shares, on 1 December 2025, the Group recognised immediately the equity-settled share award expense of RMB12,102,000 that would otherwise have been recognised for services received over the remainder of the vesting period.

As at 31 December 2025, the Company had no outstanding RSUs under the Employee Shareholding Plan.

The Group recognised share-based compensation expenses of RMB12,288,000, RMB13,405,000 and RMB41,332,000 during the Relevant Periods.

35. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

Share premium of the Company represents the excess of the consideration received for subscription of the registered capital of the Company.

Capital reserve

Capital reserve of the Group represents other reserves of associates and the reserves arising from partial disposal of a subsidiary.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

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The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Share premium	Capital reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,333,254	56	2,192	241,299	1,034,118	2,610,919
Profit and total comprehensive income for the year	—	—	—	—	243,628	243,628
Dividends declared to shareholders	—	—	—	—	(177,703)	(177,703)
Share of other comprehensive loss of an associate	—	—	(157)	—	—	(157)
Transfer to statutory surplus reserve	—	—	—	24,363	(24,363)	—
At 31 December 2023 and 1 January 2024	1,333,254	56	2,035	265,662	1,075,680	2,676,687
Profit and total comprehensive income for the year	—	—	—	—	147,692	147,692
Dividends declared to shareholders	—	—	—	—	(310,979)	(310,979)
Share of other comprehensive income of associates	—	—	25	—	—	25
Share of reserves of associates	—	344	—	—	—	344
Transfer to statutory surplus reserve	—	—	—	14,769	(14,769)	—
Acquisition of a subsidiary	—	(5,198)	—	—	—	(5,198)
At 31 December 2024 and 1 January 2025	1,333,254	(4,798)	2,060	280,431	897,624	2,508,571
Profit and total comprehensive income for the year	—	—	—	—	148,998	148,998
Dividends declared to shareholders	—	—	—	—	(310,979)	(310,979)
Share of other comprehensive loss of an associate	—	—	(919)	—	—	(919)
Share of reserves of associates	—	(344)	—	—	—	(344)
Transfer to statutory surplus reserve	—	—	—	14,900	(14,900)	—
At 31 December 2025	<u>1,333,254</u>	<u>(5,142)</u>	<u>1,141</u>	<u>295,331</u>	<u>720,743</u>	<u>2,345,327</u>

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB48,670,000, RMB38,954,000 and RMB31,159,000, respectively, in respect of lease arrangements for self-operated counters and office premises.

During the Relevant Periods, the Group had non-cash additions to gold loans of RMB1,114,201,000, RMB1,519,216,000 and RMB3,658,325,000, respectively, and repaid gold loans of RMB1,069,663,000, RMB1,454,904,000 and RMB3,608,634,000, respectively, with physical gold.

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(b) Changes in liabilities arising from financing activities

	Bank borrowings	Lease liabilities	Interest payable on gold loans	Dividend payable
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023.	752,881	69,260	1,676	—
New leases.	—	48,670	—	—
Dividends declared	—	—	—	179,923
Changes from financing cash flows.	(184,441)	(50,639)	(15,223)	(179,923)
Interest expense accrued	26,177	3,681	16,022	—
Lease modifications	—	1,374	—	—
Reduction as a result of lease termination . .	—	(7,826)	—	—
At 31 December 2023 and 1 January 2024. .	594,617	64,520	2,475	—
New leases.	—	38,954	—	—
Dividends declared	—	—	—	311,579
Changes from financing cash flows.	(225,915)	(44,225)	(21,835)	(311,579)
Interest expense accrued	16,890	3,089	21,119	—
Lease modifications	—	1,321	—	—
Reduction as a result of lease termination . .	—	(5,339)	—	—
At 31 December 2024 and 1 January 2025. .	385,592	58,320	1,759	—
New leases.	—	31,159	—	—
Dividends declared	—	—	—	311,379
Changes from financing cash flows.	627,698	(37,413)	(23,079)	(311,379)
Interest expense accrued	12,110	2,503	24,141	—
Lease modifications	—	(2,682)	—	—
Reduction as a result of lease termination . .	—	(55)	—	—
At 31 December 2025	<u>1,025,400</u>	<u>51,832</u>	<u>2,821</u>	<u>—</u>

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(c) Total cash outflow for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within operating activities	9,569	19,661	26,328
Within investing activities	—	—	32,371
Within financing activities	50,639	44,225	37,413
Total	60,208	63,886	96,112

37. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s bank borrowings and gold loans are included in notes 13, 17 and 26 to the Historical Financial Information.

38. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investment in an associate	—	—	4,840

Contractual commitments of investment in an associate were mainly related to the associate that was newly established on 20 December 2025.

39. RELATED PARTY TRANSACTIONS

Name	Relationship
Shantou Shanhai Hotel Management Co., Ltd. (“Shanghai Hotel”)	An associate
Shenzhen Heixihui Brand Management Co., Ltd. (“Shenzhen Heixihui”) . .	An associate
Mr. Zhong Mutian	A director
Ms. Liao Hongjia	A close family member of Mr. Liao Muzhi
Ms. Liao Shaojun	A close family member of Mr. Lin Junping
Ms. Lin Jiani	A close family member of Mr Lin Junping
Ms. Lin Yanxi	A close family member of Mr Lin Junping

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- (a) The Group had the following transactions with related parties during the Relevant Periods:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Receiving services from:				
Shanghai Hotel.	(i)	—	711	892
Shenzhen Heixihui	(i)	—	—	114
Total		—	711	1,006
Rental income from:				
Shanghai Hotel.	(ii)	—	183	931
Sales of properties to:				
Mr. Zhong Mutian	(iii)	1,457	—	—
Ms. Liao Hongjia	(iii)	1,377	—	—
Ms. Lin Jiani	(iii)	—	—	2,085
Ms. Lin Yanxi	(iii)	—	—	1,990
Total		2,834	—	4,075

Notes:

- (i) The services from the related parties were made according to the published prices and conditions offered by the related parties to their major customers.
- (ii) The rental fees were paid with reference to prices mutually agreed between the parties.
- (iii) The revenue of sales of properties were made according to the market price.

- (b) Outstanding balances with related parties:

The Group

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Due to related parties (trade):				
Shanghai Hotel.		—	140	305
Ms. Liao Shaojun		100	100	100
Total		100	240	405

- (c) Compensation of key management personnel of the Group:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Short-term employee benefits		11,309	12,620	19,876
Equity-settled share award expense		8,192	8,936	10,333
Pension scheme contributions		278	275	257
Total compensation paid to key management personnel		19,779	21,831	30,466

The compensation information above includes the directors', supervisors' and the chief executive's emoluments, further details are included in note 8 to the Historical Financial Information.

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40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	—	2,501	—	2,501
Trade receivables	—	—	286,284	286,284
Financial assets included in prepayments, other receivables and other assets	—	—	315,689	315,689
Financial assets at fair value through profit or loss	70,191	—	—	70,191
Restricted cash	—	—	67,129	67,129
Cash and cash equivalents	—	—	576,283	576,283
Total	70,191	2,501	1,245,385	1,318,077

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Designated as such upon initial recognition		
	RMB'000	RMB'000	RMB'000
Trade payables	—	115,559	115,559
Financial liabilities included in other payables and accruals	—	231,891	231,891
Lease liabilities	—	64,520	64,520
Gold loans	652,618	—	652,618
Interest-bearing bank borrowings	—	594,617	594,617
Total	652,618	1,006,587	1,659,205

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Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	—	1,000	—	1,000
Trade receivables	—	—	363,712	363,712
Financial assets included in prepayments, other receivables and other assets	—	—	282,416	282,416
Financial assets at fair value through profit or loss	100,565	—	—	100,565
Restricted cash	—	—	22,798	22,798
Cash and cash equivalents	—	—	356,097	356,097
Total	100,565	1,000	1,025,023	1,126,588

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Designated as such upon initial recognition		
	RMB'000	RMB'000	RMB'000
Trade payables	—	202,523	202,523
Financial liabilities included in other payables and accruals	—	217,610	217,610
Lease liabilities	—	58,320	58,320
Gold loans	939,527	—	939,527
Interest-bearing bank borrowings	—	385,592	385,592
Total	939,527	864,045	1,803,572

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Financial assets

	Financial assets at fair value through other comprehensive income		
	Equity investments	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	1,040	—	1,040
Trade receivables	—	669,931	669,931
Financial assets included in prepayments, other receivables and other assets	—	251,877	251,877
Restricted cash	—	27,200	27,200
Cash and cash equivalents	—	536,935	536,935
Total	1,040	1,485,943	1,486,983

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	403,936	403,936
Financial liabilities included in other payables and accruals . .	—	331,845	331,845
Lease liabilities	—	51,832	51,832
Gold loans	1,558,138	—	1,558,138
Interest-bearing bank borrowings	—	1,025,400	1,025,400
Total	1,558,138	1,813,013	3,371,151

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Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	—	1,000	—	1,000
Trade receivables	—	—	151,541	151,541
Financial assets included in prepayments, other receivables and other assets	—	—	614,157	614,157
Financial assets at fair value through profit or loss	40,153	—	—	40,153
Restricted cash	—	—	55,011	55,011
Cash and cash equivalents	—	—	151,393	151,393
Total	40,153	1,000	972,102	1,013,255

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Designated as such upon initial recognition		
	RMB'000	RMB'000	RMB'000
Trade payables	—	42,949	42,949
Financial liabilities included in other payables and accruals	—	160,759	160,759
Lease liabilities	—	104,003	104,003
Gold loans	28,740	—	28,740
Interest-bearing bank borrowings	—	81,109	81,109
Total	28,740	388,820	417,560

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31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	—	1,000	—	1,000
Trade receivables	—	—	428,442	428,442
Financial assets included in prepayments, other receivables and other assets	—	—	868,392	868,392
Financial assets at fair value through profit or loss	30,187	—	—	30,187
Cash and cash equivalents	—	—	63,440	63,440
Total	<u>30,187</u>	<u>1,000</u>	<u>1,360,274</u>	<u>1,391,461</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Designated as such upon initial recognition		
	RMB'000	RMB'000	RMB'000
Trade payables	—	41,402	41,402
Financial liabilities included in other payables and accruals	—	206,424	206,424
Lease liabilities	—	94,197	94,197
Gold loans	110,916	—	110,916
Interest-bearing bank borrowings	—	58,448	58,448
Total	<u>110,916</u>	<u>400,471</u>	<u>511,387</u>

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Financial assets

	Financial assets at fair value through other comprehensive income		
	Equity investments	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other income comprehensive	1,000	—	1,000
Trade receivables	—	160,225	160,225
Financial assets included in prepayments, other receivables and other assets	—	722,349	722,349
Cash and cash equivalents	—	249,075	249,075
Total	<u>1,000</u>	<u>1,131,649</u>	<u>1,132,649</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	277,878	277,878
Financial liabilities included in other payables and accruals	—	718,109	718,109
Lease liabilities	—	89,939	89,939
Gold loans	136,542	—	136,542
Interest-bearing bank borrowings	—	246,114	246,114
Total	<u>136,542</u>	<u>1,332,040</u>	<u>1,468,582</u>

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings (current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank borrowings as at 31 December 2023, 2024 and 2025 were assessed to be insignificant.

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The fair value of inventories that are designated as hedge items and the fair value of hedge instrument — the gold loans are both determined by reference to quoted market bid price of gold traded in active liquid markets.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to sales (“PS”) multiple, for each comparable company identified. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The Group invests in unlisted investments, which represent structured deposits and wealth management products issued by banks in Chinese mainland. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

As at 31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wanmei interactive inc.	Market Approach	Average PS multiple of peers	0.4x–0.7x	5% increase/decrease in PS would result in increase/decrease in fair value by RMB75,000
Guangzhou Private Investment Co., Ltd. (廣州民營投資股份有限公司).	Investment cost	Net asset	54,985,000	5% increase/decrease in net asset would result in increase/decrease in fair value by RMB8,000

As at 31 December 2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wanmei interactive inc.	Market Approach	Average PS multiple of peers	0.3x–0.7x	5% increase/decrease in PS would result in increase/decrease in fair value by RMB152,000
Guangzhou Private Investment Co., Ltd. (廣州民營投資股份有限公司).	Investment cost	Net asset	51,155,000	5% increase/decrease in net asset would result in increase/decrease in fair value by RMB7,000

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As at 31 December 2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wanmei interactive inc.	Market Approach	Average PS multiple of peers	0.4x–2.9x	5% increase/decrease in PS would result in increase/decrease in fair value by RMB279,000
Guangzhou Private Investment Co., Ltd. (廣州民營投資股 份有限公司).	Investment cost	Net asset	47,750,000	5% increase/decrease in net asset would result in increase/decrease in fair value by RMB7,000
Shantou Zhenxi Culture and Communication Co., Ltd. (汕頭市臻熙文化傳播有限 公司).	Investment cost	Net asset	89,000	5% increase/ decrease in net asset would result in increase/decrease in fair value by RMB2,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s and the Company’s financial instruments:

The Group

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity investments designated at fair value through other comprehensive income.	—	—	2,501	2,501
Financial assets at fair value through profit or loss	—	70,191	—	70,191
Inventories designated as hedged items	—	650,143	—	650,143
Total	—	720,334	2,501	722,835

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As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income. . . .	—	—	1,000	1,000
Financial assets at fair value through profit or loss	—	100,565	—	100,565
Inventories designated as hedged items	—	937,768	—	937,768
Total	—	1,038,333	1,000	1,039,333

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income. . . .	—	—	1,040	1,040
Inventories designated as hedged items	—	1,555,317	—	1,555,317
Total	—	1,555,317	1,040	1,556,357

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income			
At beginning of year	3,892	2,501	1,000
Additions	—	—	40
Total losses recognised in other comprehensive income.	(1,391)	(1,501)	—
At end of year	2,501	1,000	1,040

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Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Total			
Gold loans	—	652,618	—
			652,618

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Total			
Gold loans	—	939,527	—
			939,527

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Total			
Gold loans	—	1,558,138	—
			1,558,138

During the years ended 31 December 2023, 2024 and 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the Hong Kong dollar, United States dollar, Singapore dollar and Malaysian Ringgit exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities).

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	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023			
If the RMB weakens against the HK\$	5	1,064	1,064
If the RMB strengthens against the HK\$	(5)	(1,064)	(1,064)
 If the RMB weakens against the US\$	 5	 119	 119
If the RMB strengthens against the US\$	(5)	(119)	(119)
 As at 31 December 2024			
If the RMB weakens against the HK\$	5	958	958
If the RMB strengthens against the HK\$	(5)	(958)	(958)
 If the RMB weakens against the US\$	 5	 34	 34
If the RMB strengthens against the US\$	(5)	(34)	(34)
 If the RMB weakens against the SGD	 5	 55	 55
If the RMB strengthens against the SGD	(5)	(55)	(55)
 If the RMB weakens against the MYR	 5	 121	 121
If the RMB strengthens against the MYR	(5)	(121)	(121)
 As at 31 December 2025			
If the RMB weakens against the HK\$	5	3,949	3,949
If the RMB strengthens against the HK\$	(5)	(3,949)	(3,949)
 If the RMB weakens against the US\$	 5	 15	 15
If the RMB strengthens against the US\$	(5)	(15)	(15)
 If the RMB weakens against the SGD	 5	 113	 113
If the RMB strengthens against the SGD	(5)	(113)	(113)
 If the RMB weakens against the MYR	 5	 265	 265
If the RMB strengthens against the MYR	(5)	(265)	(265)

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Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

The Group

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	313,455	313,455
Financial assets included in prepayments, other receivables and other assets					
— Normal**	315,309	450	—	—	315,759
— Doubtful**	—	—	286	—	286
Restricted cash — Normal	67,129	—	—	—	67,129
Cash and cash equivalents					
— Not yet past due	576,283	—	—	—	576,283
Total	958,721	450	286	313,455	1,272,912

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	391,169	391,169
Financial assets included in prepayments, other receivables and other assets					
— Normal**	282,366	76	—	—	282,442
— Doubtful**	—	—	276	—	276
Restricted cash — Normal	22,798	—	—	—	22,798
Cash and cash equivalents					
— Not yet past due	356,097	—	—	—	356,097
Total	661,261	76	276	391,169	1,052,782

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ACCOUNTANT’S REPORT

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	700,281	700,281
Financial assets included in prepayments, other receivables and other assets					
— Normal**	251,390	541	—	—	251,931
— Doubtful**	—	—	170	—	170
Restricted cash — Normal	27,200	—	—	—	27,200
Cash and cash equivalents					
— Not yet past due	536,935	—	—	—	536,935
Total	815,525	541	170	700,281	1,516,517

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the Historical Financial Information.

** The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 23 to the Historical Financial Information.

The Company

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	152,572	152,572
Financial assets included in prepayments, other receivables and other assets					
— Normal**	614,157	—	—	—	614,157
Restricted cash — Normal	55,011	—	—	—	55,011
Cash and cash equivalents					
— Not yet past due	151,393	—	—	—	151,393
Total	820,561	—	—	152,572	973,133

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ACCOUNTANT’S REPORT

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	429,522	429,522
Financial assets included in prepayments, other receivables and other assets					
— Normal**	868,392	—	—	—	868,392
Cash and cash equivalents					
— Not yet past due	63,440	—	—	—	63,440
Total	931,832	—	—	429,522	1,361,354

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	163,063	163,063
Financial assets included in prepayments, other receivables and other assets					
— Normal**	722,349	—	—	—	722,349
Cash and cash equivalents					
— Not yet past due	249,075	—	—	—	249,075
Total	971,424	—	—	163,063	1,134,487

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the Historical Financial Information.

** The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Company’s exposure to credit risk arising from trade receivables are disclosed in note 23 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of other borrowings.

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ACCOUNTANT’S REPORT

The maturity profile of the Group’s and the Company’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	31 December 2023					
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	115,559	—	—	—	—	115,559
Interest-bearing bank borrowings	—	413,282	72,825	137,348	—	623,455
Financial liabilities included in other payables and accruals	231,891	—	—	—	—	231,891
Gold loans	—	658,170	—	—	—	658,170
Lease liabilities	—	36,608	18,993	12,902	—	68,503
Total contractual undiscounted payments and total expected undiscounted payments	347,450	1,108,060	91,818	150,250	—	1,697,578
	31 December 2024					
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	202,523	—	—	—	—	202,523
Interest-bearing bank borrowings	—	355,778	18,782	18,237	—	392,797
Financial liabilities included in other payables and accruals	217,610	—	—	—	—	217,610
Gold loans	—	944,742	—	—	—	944,742
Lease liabilities	—	31,530	19,455	9,297	—	60,282
Total contractual undiscounted payments and total expected undiscounted payments	420,133	1,332,050	38,237	27,534	—	1,817,954
	31 December 2025					
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	403,936	—	—	—	—	403,936
Interest-bearing bank borrowings	—	1,011,825	37,892	28,715	—	1,078,432
Financial liabilities included in other payables and accruals	331,845	—	—	—	—	331,845
Gold loans	—	1,565,074	—	—	—	1,565,074
Lease liabilities	—	33,209	17,046	3,668	—	53,923
Total contractual undiscounted payments and total expected undiscounted payments	735,781	2,610,108	54,938	32,383	—	3,433,210

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ACCOUNTANT’S REPORT

The Company

	31 December 2023					
	On	Within	1 to	2 to	Over	Total
	demand	1 year	2 years	5 years	5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	42,949	—	—	—	—	42,949
Interest-bearing bank borrowings	—	81,738	—	—	—	81,738
Financial liabilities included in other payables and accruals	160,759	—	—	—	—	160,759
Gold loans	—	29,157	—	—	—	29,157
Lease liabilities	—	14,014	14,073	42,220	54,846	125,153
Total contractual undiscounted payments and total expected undiscounted payments	<u>203,708</u>	<u>124,909</u>	<u>14,073</u>	<u>42,220</u>	<u>54,846</u>	<u>439,756</u>
	31 December 2024					
	On	Within	1 to 2	2 to 5	Over	Total
	demand	1 year	years	years	5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	41,402	—	—	—	—	41,402
Interest-bearing bank borrowings	—	59,328	—	—	—	59,328
Financial liabilities included in other payables and accruals	206,424	350	—	—	—	206,774
Gold loans	—	111,060	—	—	—	111,060
Lease liabilities	—	14,073	14,073	41,566	41,427	111,139
Total contractual undiscounted payments and total expected undiscounted payments	<u>247,826</u>	<u>184,811</u>	<u>14,073</u>	<u>41,566</u>	<u>41,427</u>	<u>529,703</u>
	31 December 2025					
	On	Within	1 to	2 to	Over	Total
	demand	1 year	2 years	5 years	5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	277,878	—	—	—	—	277,878
Interest-bearing bank borrowings	—	238,411	1,236	8,206	—	247,853
Financial liabilities included in other payables and accruals	718,109	770	—	—	—	718,879
Gold loans	—	136,780	—	—	—	136,780
Lease liabilities	—	15,069	15,069	43,899	29,999	104,036
Total contractual undiscounted payments and total expected undiscounted payments	<u>995,987</u>	<u>391,030</u>	<u>16,305</u>	<u>52,105</u>	<u>29,999</u>	<u>1,485,426</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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The Group monitors capital using a gearing ratio, which is interest-bearing debt divided by net assets. Interest-bearing debt includes lease liabilities, gold loans and interest-bearing bank borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	594,617	385,592	1,025,400
Gold loans	652,618	939,527	1,558,138
Lease liabilities	64,520	58,320	51,832
Interest-bearing debt	1,311,755	1,383,439	2,635,370
Net assets	3,817,518	3,669,914	3,818,638
Gearing ratio	34.4%	37.7%	69.0%

43. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost.	1,711,010	1,534,007	1,377,098

44. EVENTS AFTER THE RELEVANT PERIODS

Except for the changes of principal activities of Shantou CHJ Real Estate disclosed in note 22, there were no other significant events subsequent to 31 December 2025.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2025.