



2025 ANNUAL REPORT

Laopu Gold Co., Ltd.
老鋪黃金股份有限公司

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

Stock Code : 6181





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION AND APPRAISAL COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGY COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. HE Jing
Ms. LI Ching Yi

AUTHORISED REPRESENTATIVES

Mr. XU Rui
Ms. LI Ching Yi

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

LEGAL ADVISERS

As to Hong Kong law

Clifford Chance
27th Floor
Jardine House
One Connaught Place
Hong Kong

As to PRC law

Global Law Office
15&20/F Tower 1
China Central Place
No. 81 Jianguo Road
Chaoyang District
Beijing
China

COMPLIANCE ADVISER

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

PRINCIPAL BANK

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and Financial Reporting
Council Ordinance
27/F, One TaiKoo Place
979, King's Road
Quarry Bay
Hong Kong

STOCK CODE

6181

COMPANY WEBSITE

www.lphj.com

Definitions

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

“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Beijing Jinbu”	Beijing Jinbu Enterprise Management Consulting L.P. (Limited Partnership) (北京金部企業管理諮詢合夥企業(有限合夥)) (formerly known as Tianjin Jincheng Enterprise Management Consulting L.P. (Limited Partnership) (天津金橙企業管理諮詢合夥企業(有限合夥))), a stock incentive platform established in the PRC
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the “Corporate Governance Code” as set out in Appendix C1 to the Listing Rules
“China”, “Chinese mainland” or “the PRC”	the People’s Republic of China excluding, for the purposes of this annual report, Hong Kong, Macau and Taiwan region
“China Gold Association”	a nationwide not-for-profit organization dedicated to gold industry mechanism establishment, approved and registered by the Ministry of Civil Affairs of the People’s Republic of China and the former State Economic and Trade Commission in November 2001 in accordance with the Proposal for Reforming the State Gold Management System defined by the State Council
“Company”, “our Company” or “the Company”	Laopu Gold Co., Ltd. (老鋪黃金股份有限公司), a limited liability company incorporated in the PRC on December 5, 2016 which was converted into a joint stock company with limited liability on November 25, 2019, whose H Shares are listed on the Stock Exchange (Stock Code: 6181)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu, Mr. Xu Dongbo and Hongqiao Jinji
“Director(s)”	the director(s) of the Company
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., Ltd. an independent market research and consulting company
“gem-set jewelry”	pure gold jewelries with diamonds or other gemstones inlaid
“gemstone”	mineral crystals of aesthetics value, often used to make jewelry or ornament, among which diamond is a special kind of gemstone formed only from one single element of carbon, in comparison with other gemstones
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require
“H Share(s)”	Shares which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange with nominal value of RMB1.00 each

Definitions

"heat treatment of enamels (燒藍)"	a decorative process that entails the application of colored enamel glaze onto the surface of gold products, which results in a vibrant and multi-hued appearance
"heritage gold (古法黃金) jewelry"	a type of gold jewelry that combines modern designs and classic Chinese culture, features matte (啞光), sandy (磨砂) or other texture of ancient royal jewelry, and applies at least two Chinese traditional handmade gold crafting techniques as specified in the group standards published by the China Gold Association
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK\$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hongqiao Jinji"	Beijing Hongqiao Jinji Consulting Co., Ltd. (北京紅喬金季諮詢顧問有限公司), a limited liability company incorporated in the PRC on July 5, 2017 and one of our Controlling Shareholders
"IFRS"	International Financial Reporting Standards, amendments and interpretations issued by the IASB
"Latest Practicable Date"	April 9, 2026, being the latest practicable date for the purpose of confirming certain information contained herein prior to the finalisation of this annual report
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	June 28, 2024, on which the H Shares were listed and on which dealings in the H Shares were first permitted to commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MixC"	a high-end shopping mall under China Resources (Holdings) Company Limited (華潤(集團)有限公司), with a geographic layout covering over 30 cities in China
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Xu"	Mr. XU Gaoming (徐高明), our executive Director and one of our Controlling Shareholders

Definitions

"Mr. Xu Dongbo"	Mr. XU Dongbo (徐東波), one of our Controlling Shareholders, the son of Mr. Xu
"Prospectus"	the prospectus of the Company dated June 20, 2024
"pure gold"	refers to fine gold with gold content of 99.0% or above, according to the PRC National Standard No. GB11887
"Reporting Period"	for the year ended December 31, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"SKP"	a high-end shopping mall, with Beijing SKP, Xi'an SKP, Chengdu SKP, Wuhan SKP, etc. in its network
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Unlisted Share(s)"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
"%"	per cent

Financial Highlights

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	2025 (RMB'000)	For the year ended December 31,			
		2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Sales*	31,374,525	9,795,210	3,677,382	1,502,541	1,459,134
Revenue	27,303,184	8,505,560	3,179,564	1,294,220	1,264,603
Gross Profit	10,273,729	3,501,220	1,331,957	542,138	521,001
Profit before tax	6,383,974	1,946,547	553,469	126,770	154,209
Profit for the year	4,867,936	1,473,106	416,302	94,529	113,880
Profit attributable to:					
Owners of the parent	4,867,936	1,473,106	416,302	94,529	113,880
Basic earnings per Share (RMB)	28.35	9.47	3.03	0.69	0.83

	2025 (RMB'000)	As of December 31,			
		2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Total non-current assets	703,045	503,476	382,711	286,230	246,090
Total current assets	20,549,478	5,833,282	1,775,836	1,004,982	922,880
Total current liabilities	9,880,184	2,248,566	474,144	291,381	267,267
Total non-current liabilities	277,193	167,869	168,987	130,262	131,391
Total equity	11,095,146	3,920,323	1,515,416	869,569	770,312

* Sales refer to tax-inclusive revenue.

Management Discussion and Analysis

BUSINESS REVIEW

We are the first brand to promote the concept of heritage gold (古法黃金) in China and the top professional brand in traditional Chinese handcrafted gold jewelry as accredited by the China Gold Association. We believe that our brand positioning, product style, sales network, scenario-based boutique style as well as customer services contributed to our success.

For the Reporting Period, the Group's sales was approximately RMB31,374.53 million, representing an increase of approximately RMB21,579.32 million or approximately 220.3% as compared with the sales of RMB9,795.21 million for the year of 2024. Revenue was approximately RMB27,303.18 million, representing an increase of approximately RMB18,797.62 million or approximately 221.0% as compared with the revenue of approximately RMB8,505.56 million for the year of 2024. For the Reporting Period, the Group's gross profit was approximately RMB10,273.73 million, representing an increase of approximately RMB6,772.51 million or approximately 193.4% as compared with the gross profit of approximately RMB3,501.22 million for the year of 2024. The above increases were mainly due to:

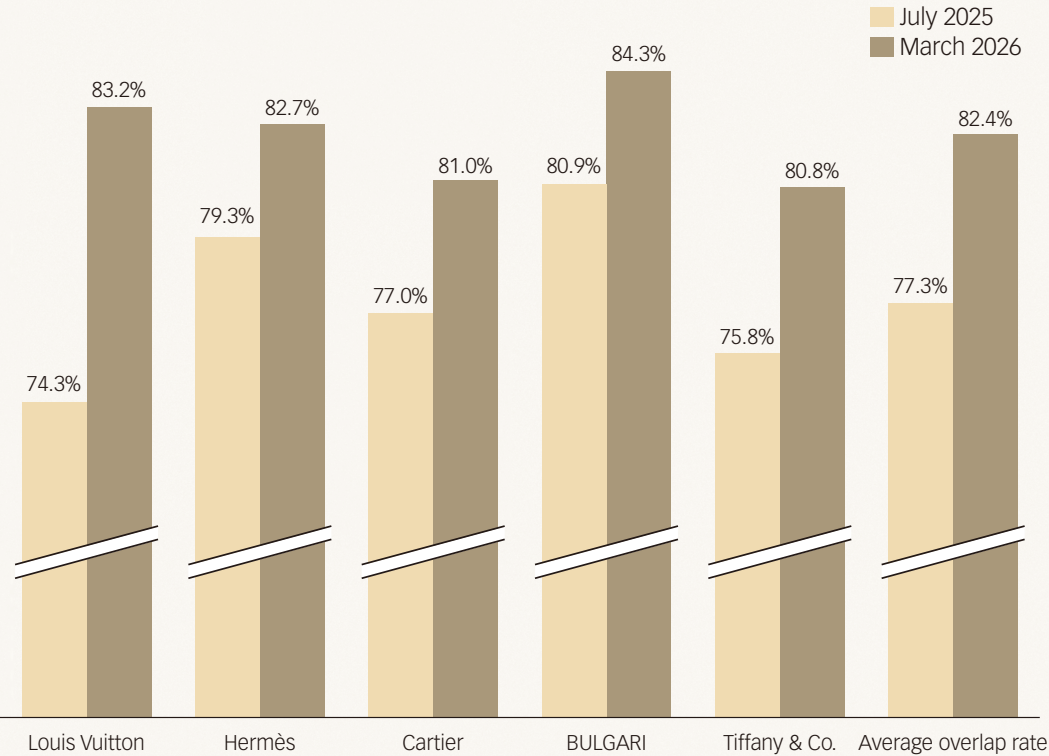
1. The continuous expansion of brand influence, leading to the dominant market position of the Group which resulted in a significantly increased overall revenue from both online and offline boutiques

With over a decade of dedicated work in the field of Chinese heritage gold artifact craftsmanship, we have built significant brand advantage and brand influence by leveraging our first-mover advantage:

- Our Company is the first brand to promote the concept of heritage gold (古法黃金) in China and the top professional brand in traditional Chinese handcrafted gold jewelry as accredited by the China Gold Association;
- Our Company is the drafting unit to draft the group standards for "Heritage Gold Artifact" (《古法金飾品》團體標準) and "Heritage Gold Artifact Inlaid with Diamonds" (《古法金鑲嵌鑽石飾品》團體標準) as published by the China Gold Association;
- Our Company is the first brand in the industry to introduce diamond-inlaid pure gold jewelry, the first to apply heat treatment of enamels (燒藍) to pure gold products, and the first to introduce gold-body lacquerware, setting trends for the industry;
- Our Company was listed in the "Hurun Supreme Brands – China's High-Net-Worth Individuals' Brand Preferences Report" (胡潤至尚優品—中國高淨值人群品牌傾向報告) for four consecutive years from 2023 to 2026, and ranked among the top three most favored jewelry brands by China's high-net-worth individuals in 2026, being the only Chinese brand on the list;
- Our Group achieved an average annualized sales amount of nearly RMB1 billion per shopping mall in 2025¹. According to Frost & Sullivan, among global luxury groups in 2025, our Group ranked first in terms of revenue per shopping mall and revenue per available square meter in China;
- According to Frost & Sullivan, the Group ranked second among global luxury brands in terms of revenue generated in China in 2025, and was also the only Chinese brand among the top five global luxury groups by revenue in China;

¹ Calculated by dividing the annualized amount of sales in each shopping mall by the number of shopping malls at the end of the year.

- Although our Group is primarily committed to offline channels for sales, our Tmall flagship store topped the sales rankings in the gold category during both the 2025 Tmall 618 and Double 11 shopping festivals, with transaction amounts exceeding RMB1,000 million and RMB2,000 million, respectively. We were the first gold jewelry brand to achieve such results. Our Group achieved a total sales amount from online channels of approximately RMB5,581.67 million for the Reporting Period;
- As of December 31, 2025, our loyalty members reached approximately 610 thousand, representing an increase of 260 thousand members and 74.3% compared to December 31, 2024, and the consumer base is constantly expanding; and
- According to Frost & Sullivan’s research data, the average overlap rate between Laopu Gold’s customers and customers of five leading international luxury brands, such as Louis Vuitton, Hermès, Cartier and BULGARI, increased from 77.3% in July 2025 to 82.4% in March 2026. The substantial overlap between Laopu Gold’s customers and international luxury brand customers demonstrates high-end consumption characteristics, validating the premium positioning of our brand.



2. The continuing optimization, promotion and iteration of the Group's products which ensured the sustained high growth in online and offline revenue

Through years of dedication and commitment to craftsmanship innovation, we have been leading the product development trend of heritage gold, promoted developments and advancements in China's gold jewelry industry, and ushered in a new era of products. We were the first brand in China to promote the concept of heritage gold, the first to introduce diamond-inlaid pure gold jewelry, the first to apply heat treatment of enamels (燒藍) to pure gold products and the first to introduce gold-body lacquerware. Over the years, we have cultivated a dedicated creation team with strong innovation capabilities and professionalism, which empowers us to continue to develop products that align with the fashion tastes of the times, underpinned by our cultural values and operational mechanisms, thus promoting sustained growth of revenue.

We prioritize originality and emphasize product research, development, innovation and quality control. We continually launch new featured products to stay competitive in the market. As of December 31, 2025, we created over 2,300 artworks, with 100% of them being original product designs and had 283 domestic patents, 1,683 work copyrights and 276 overseas patents. Our commitment to independent research and development supports continuous iterations, upgrades and optimizations of our products, which enables us to consistently introduce featured products with competitiveness.

3. The fact that, as compared to 2024, the Group newly opened ten boutiques and optimized and expanded nine boutiques in 2025, which generated incremental revenue contribution

With our high-quality brand identity, as well as the track records of our existing boutiques, we have gained a strong channel expansion capability, enabling us to systematically open new boutiques in reputable commercial centers with stringent entry requirements. In recent years, the phenomenon-level foot traffic consistently seen at Laopu Gold's boutiques across major shopping malls, together with our exceptionally high revenue and revenue per square meter, further enabled the Group to effectively optimize the size, location and overall layout of its existing boutiques. As of December 31, 2025, we self-operated a total of 45 boutiques in 16 cities¹, all of which were located in 34 reputable commercial centers with stringent entry requirements, including 6 boutiques in SKP and 12 boutiques in MixC (萬象城).

In 2025, we newly entered into 8 commercial centers and optimized and expanded 9 boutiques in commercial centers where we had presence, thereby generating incremental revenue contributions.

- **Newly entered commercial centers include:** Shanghai Grand Gateway 66, Shoppes at The Marina Bay Sands in Singapore, Shanghai IFC, Shenzhen Bay Mixc, Shanghai Xintiandi, Nanjing IFC, Hong Kong IFC, and Shanghai Plaza 66;
- **Optimized and expanded existing boutiques in commercial centers include:** Luohu MixC Boutique, Xiamen MixC Boutique, Beijing Department Store Boutique, Beijing SKP Boutique, Xi'an SKP Boutique, Hangzhou MixC Boutique, Wuhan SKP Boutique, Beijing WF Central Boutique, and Hong Kong Harbour City Boutique.

On June 21, 2025, our boutique in Shoppes at The Marina Bay Sands in Singapore grandly opened. This is our first overseas boutique and represents a significant step in the internationalization process of us.

On October 25, 2025, our Shanghai Plaza 66 boutique opened. This is our fifth boutique in Shanghai and marks the completion of our entry into all of China's top ten leading commercial centers.

¹ During the Reporting Period, the 10 newly opened boutiques are: the Beijing Oriental Plaza Zen Zone Theme Boutique, Beijing SKP-S Boutique, Shanghai Grand Gateway 66 Boutique, the boutique at The Shoppes at Marina Bay Sands in Singapore, Shanghai IFC Boutique, Shenzhen Bay Mixc Boutique, Shanghai Xintiandi Boutique, Nanjing IFC Boutique, Hong Kong IFC Boutique, and Shanghai Plaza 66 Boutique. At the same time, a boutique in Xiamen MixC was closed due to location optimization.

OUTLOOK AND PROSPECT

In the future, we will always adhere to our brand positioning and constantly expand the market momentum of our brand. With our continuous research and development for original product designs and innovation of craftsmanship, we will continue to promote product upgrades and iterations and actively expand in terms of market fields and market space. Adhering to the market strategy of dedicating to “brand internationalization and market globalization”, we will build the world’s top gold jewelry brand with unparalleled competitiveness.

Our growing brand influence and products that constantly excite the market make us confident in our future growth prospects. We have always adhered to the corporate values we uphold and remained committed to our brand vision of “Global brand presence, global market reach”. Rooted in the Chinese culture heritage, we focus on delivering product consumption value, disrupting traditional business practices in the industry, reshaping the market landscape, and ushering in a new era for the industry.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group’s revenue was RMB27,303.18 million, representing an increase of approximately RMB18,797.62 million or approximately 221.0% as compared with the revenue of approximately RMB8,505.56 million for the year of 2024.

Revenue by Sales Channels

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

	For the year ended December 31,							
	2025			2024			Revenue Year-on-year Changes	
	Sales RMB’000	Revenue RMB’000	Revenue contribution %	Sales RMB’000	Revenue RMB’000	Revenue contribution %	Revenue RMB’000	%
Boutiques	25,792,860	22,646,021	82.9	8,534,769	7,450,333	87.6	15,195,688	204.0
Online platforms	5,581,665	4,657,163	17.1	1,260,441	1,055,227	12.4	3,601,936	341.3
Total	31,374,525	27,303,184	100.0	9,795,210	8,505,560	100.0	18,797,624	221.0

The sales of our products are mainly through offline boutique channels. The revenue from offline boutiques accounted for approximately 82.9% of the total revenue. Online platforms are a powerful complement to our sales channels. The revenue generated from online platforms accounted for approximately 17.1% of total revenue during the Reporting Period, which further increased compared to 2024, indicating that as the brand influence expands, the Group’s consumer base beyond first-tier cities has also grown rapidly.

The same-store¹ revenue growth rate amounted to approximately 160.6% in 2025.

¹ Referring to boutiques that were open for no less than 300 days in both of the two years under comparison.

Revenue by Products/Services Type

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

	For the year ended December 31,							
	2025			2024			Revenue Year-on-year Changes	
	Sales RMB'000	Revenue RMB'000	Revenue contribution %	Sales RMB'000	Revenue RMB'000	Revenue contribution %	RMB'000	%
Gold jewelry ¹	31,352,003	27,283,484	99.9	9,787,204	8,498,524	99.9	18,784,960	221.0
Other products/ services ²	22,522	19,700	0.1	8,006	7,036	0.1	12,664	180.0
Total	31,374,525	27,303,184	100.0	9,795,210	8,505,560	100.0	18,797,624	221.0

Notes:

1. Gold jewelry refers to pure gold jewelry and gem-set jewelry.
2. Other products/services mainly include (i) the sales of non-gold jewelry products primarily made of gemstones; and (ii) the provision of maintenance and repair services (including repairment materials) for jewelry products sold by us.

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

Revenue by Regions

	For the year ended December 31,							
	2025			2024			Revenue Year-on-year Changes	
	Sales RMB'000	Revenue RMB'000	Revenue contribution %	Sales RMB'000	Revenue RMB'000	Revenue contribution %	RMB'000	%
Chinese mainland	27,405,203	23,361,306	85.6	8,940,178	7,650,528	89.9	15,710,778	205.4
Overseas	3,969,322	3,941,878	14.4	855,032	855,032	10.1	3,086,846	361.0
Total	31,374,525	27,303,184	100.0	9,795,210	8,505,560	100.0	18,797,624	221.0

Benefiting from the continuous expansion of overseas channels and the continuous expansion of global influence of our brand, our overseas revenue for 2025 increased by approximately 361.0% as compared to the year of 2024, which is consistent with the Group's development strategy of "brand internationalization and market globalization".

Profitability

During the Reporting Period, the gold price¹ continued to rise and showed a sharp straight-line increase during certain periods. The weighted average price of gold increased from RMB633.21/g in January 2025 to RMB979.92/g in December 2025, representing an increase of 54.8%. Affected by the continuous and rapid rise in gold prices after each of the first two price adjustments in 2025, the Group's gross profit margin declined slightly to approximately 37.6% for the Reporting Period. Following the Group's third price adjustment in October 2025, the gross profit margin has returned to above 40%. The short-term fluctuations in gross profit margin have not affected the Group's income. Benefiting from the scale effect generated from the explosive growth in performance, the Group's non-IFRS adjusted net profit margin for the Reporting Period increased from 17.7% for the year ended December 31, 2024 to 18.4% for the year ended December 31, 2025.

The Group's gross profit increased by approximately 193.4% from approximately RMB3,501.22 million for the year ended December 31, 2024 to approximately RMB10,273.73 million for the year ended December 31, 2025. The non-IFRS adjusted net profit increased by approximately 234.9% from approximately RMB1,501.73 million for the year ended December 31, 2024 to approximately RMB5,029.33 million for the year ended December 31, 2025. The increases in revenue and gross profit during the Reporting Period were mainly attributable to: (i) the continuous expansion of brand influence, leading to the dominant market position of the Group which resulted in a significantly increased overall revenue for both online and offline boutiques; (ii) the continuing optimization, promotion and iteration of the Group's products which ensured the sustained high growth in online and offline revenue; and (iii) as compared to the year of 2024, the Group had ten new boutiques and nine optimized and expanded boutiques, which resulted in an incremental revenue contribution.

¹ The gold price is taken from the monthly market report of the Shanghai Gold Exchange.

Selling and Administrative Expenses and Other Expenses

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group increased by approximately 155.2% from approximately RMB1,236.74 million for the year ended December 31, 2024 to approximately RMB3,156.31 million for the year ended December 31, 2025. Over 98% of the selling and distribution expenses were attributable to shopping mall rental and expenses and e-commerce platform transaction charges, employee costs for the sales team, depreciation and amortization, customer service operating expenses, share-based payments, transportation expenses, as well as operating consumables. The increase in the selling and distribution expenses was mainly due to (i) an increase in shopping mall rental and expenses, which was in line with the increase in sales revenue from boutiques, and also related to the expansion of our boutique channels; and (ii) an increase in staff costs as a result of the expansion of our sales team and the increase in their remuneration, which was in line with our business growth.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group increased by approximately 99.5% from approximately RMB272.24 million for the year ended December 31, 2024 to approximately RMB543.11 million for the year ended December 31, 2025, mainly due to (i) an increase in staff costs as a result of the increased number of our administrative management staff and an increase in their remuneration, including share-based payments, which was in line with our business growth; (ii) an increase in bank charges relating to bank card settlements with customers due to the rising sales revenue; and (iii) an increase in other expenses which mainly included information technology upgrade costs, other taxes, transportation, travel expenses and other miscellaneous charges.

Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group increased by approximately 30.1% from approximately RMB19.16 million for the year ended December 31, 2024 to approximately RMB24.93 million for the year ended December 31, 2025. Relying on the high-dimensional intellectual capital investment of the research and development team, the Group has built an extremely strong product research and development capability. The research and development expenses were mainly composed of the remuneration of the research and development personnel (excluding the cost of gold material that can be reused). The increase in the expenses was mainly due to an increase in staff costs as a result of the increased number of our research and development staff and an increase in their remuneration, which was in line with our business growth.

Other Expenses

During the Reporting Period, the other expenses of the Group increased by approximately 116.6% from approximately RMB16.93 million for the year ended December 31, 2024 to approximately RMB36.67 million for the year ended December 31, 2025, mainly due to foreign exchange loss and provision for credit impairment loss.

Finance Costs

During the Reporting Period, the finance costs of the Group increased by approximately 356.8% from approximately RMB30.43 million for the year ended December 31, 2024 to approximately RMB139.03 million for the year ended December 31, 2025, mainly due to the increase in interest expenses of the Group.

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

	For the year ended December 31,			
	2025 RMB'000	2024 RMB'000	Year-on-year Changes RMB'000	%
Selling and distribution expenses	3,156,312	1,236,743	1,919,569	155.2
Administrative expenses	543,107	272,235	270,872	99.5
Research and development expenses	24,929	19,163	5,766	30.1
Other expenses	36,666	16,929	19,737	116.6
Finance costs	139,033	30,434	108,599	356.8
Total	3,900,047	1,575,504	2,324,543	147.5

Income Tax Expense

We are subject to income tax on an entity basis on profits generated in or derived from the jurisdictions in which members of our Group are domiciled and operate. During the Reporting Period, our income tax expense was approximately RMB1,516.04 million, while the income tax expense we incurred for the year of 2024 was approximately RMB473.44 million, and the income tax expense was in line with the increase in our profit before income tax expense. For details of the calculation of income tax, please refer to “Note 10 Income Tax” in the consolidated financial statements on page 139 of this annual report.

Non-IFRS Financial Measure Adjusted Net Profit

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

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

	For the year ended December 31, 2025 RMB'000	For the year ended December 31, 2024 RMB'000
Profit for the year	4,867,936	1,473,106
Adjustments		
Employee share-based payment	161,392	28,626
Non-IFRS adjusted net profit	5,029,328	1,501,732
Non-IFRS adjusted net profit margin	18.4%	17.7%

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

Current Assets, Financial Resources and Gearing Ratio

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

Inventories

Our inventories primarily comprise raw materials, work-in-progress jewelry products, finished jewelry goods, etc. Our inventories increased from approximately RMB4,087.85 million as at December 31, 2024 to approximately RMB16,044.45 million as at December 31, 2025, which was primarily due to the additional product demand associated with the sales growth during the Spring Festival peak season. Influenced by higher inventory level, inventory turnover days of the Group increased slightly from 195 days for the year 2024 to 216 days for the year 2025.

Trade Receivables

Our trade receivables mainly represent receivables from shopping malls. Certain shopping malls collect customers' payments and then pay the amount back to the Group after deducting their fees, thus constituting our trade receivables. Our trade receivables increased from approximately RMB801.22 million as at December 31, 2024 to approximately RMB1,280.23 million as at December 31, 2025. Trade receivables turnover days amounted to 14 days during the Reporting Period, representing a significant decrease as compared to 25 days for the year 2024, which was primarily due to our Group's utilization of self-cashiering systems in more boutiques.

Cash and Bank Balances

Cash and bank balances increased from approximately RMB732.65 million as at December 31, 2024 to approximately RMB2,068.11 million as at December 31, 2025, which was mainly due to sales collection and financing activities.

The cumulative operating net cash outflow of the Group during the Reporting Period was approximately RMB6,848.20 million. Our inventories increased by approximately 292.5% from approximately RMB4,087.85 million as of December 31, 2024 to approximately RMB16,044.45 million as of December 31, 2025. The difference between the Group's net operating cash flow and net profit was primarily because: production cycle of heritage gold jewelry ranges from 25 to 90 days depending on whether they are accessories or gold vessels. The Group recorded strong sales growth during the Reporting Period. To ensure sufficient inventory reserves for the peak season around the Spring Festival and the market growth and considering the required production and processing time, the Group needed to increase its material inputs.

The funds required for the day-to-day business of the Group were mainly funded by the operating capital and short-term borrowings are also mainly used for the increase in product inventories to meet with the boutique optimization, new store expansion and performance growth of the Group. The Group did not have any difficulties in repaying the loans.

We remained focus on maintaining a reasonable gearing ratio. Gearing ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. As at December 31, 2025, the gearing ratio of the Group was approximately 47.8% (as at December 31, 2024: 38.1%).

Bank Loans

The interest-bearing bank borrowings of the Group increased from approximately RMB1,373.46 million as of December 31, 2024 to approximately RMB6,264.28 million as of December 31, 2025, representing an increase of approximately 356.1% as compared to end of the year of 2024, which was primarily due to the increase in product inventories to meet with the boutique optimization, new store expansion and performance growth of the Group, which was in line with the Group's business development. For details, please refer to "Note 23 Interest-bearing Bank and other Borrowings" in the consolidated financial statements on page 156 of this annual report.

Significant Investment, Major Acquisitions and Disposal

As at December 31, 2025, the Group did not hold any significant investment (each individual investment did not constitute 5% or more of the Group's total assets as at December 31, 2025). The Group had no material acquisition or disposal for the year ended December 31, 2025.

Future Plans Regarding Significant Investment or Capital Assets

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

Pledge of Assets

As at December 31, 2025, the Group pledged a 12-month time deposit of RMB150.00 million for the issuance of a standby letter of credit (as at December 31, 2024: none).

Contingent Liabilities

As at December 31, 2025, the Group did not have any contingent liabilities.

Exchange Risk Management

The Company's management believes that the exchange risk of foreign currency is not significant as the majority of business transactions occur in Chinese mainland and all these transactions are mainly transacted in Renminbi. As at December 31, 2025, we have no foreign currency hedging policy. However, the management will monitor foreign exchange risks and consider hedging significant risk of foreign currency when necessary.

Capital Expenditure

During the Reporting Period, the capital expenditure of the Group was approximately RMB145.13 million, which was mainly for the opening of new stores and the upgrading, transformation and decoration of stores.

HUMAN RESOURCES, EMPLOYEES AND REMUNERATION POLICIES

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

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

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

As at December 31, 2025, the Group had 2,113 employees, of which 1,970 were employees in Chinese mainland and 143 were employees overseas.

The table below sets forth the breakdown of our employees by function as at December 31, 2025:

Function	Number	Percentage of Total Number
Administrative management	421	20%
Sales and marketing	1,039	49%
Production	630	30%
R&D and design	23	1%
Total	2,113	100%

Pension Schemes

Details of the pension obligations of the Company are set out in Note 2.4 to the consolidated financial statements in this annual report. During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

RSU Scheme

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

The maximum total number of H Shares which may be issued in respect of all the Awarded Shares to be granted under the Scheme Mandate Limit approved at the EGM is 9,477,486 H Shares, representing approximately 5.4% of the total number of issued Shares (excluding treasury Shares) of the Company as at the Latest Practicable Date and approximately 6.6% of the total number of issued H Shares (excluding treasury Shares) of the Company.

On February 26, 2025, the Company granted a total of 597,000 Awarded Shares to 27 employees of the Company in accordance with the terms of the RSU Scheme. On April 24, 2025, the Company further granted a total of 120,000 Awarded Shares to 21 employees (including Ms. HU Binbin (胡彬彬) (the spouse of Mr. SUI Wu (隋武), the supervisor of the Company)) in accordance with the terms of the RSU Scheme.

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

For capitalized terms and details above, please refer to the circular of the Company dated February 11, 2025 and the announcements of the Company dated February 26, 2025 and April 24, 2025.

For further details of the RSU Scheme, please refer to the section headed "Report of the Board" in this annual report.

IMPLEMENTATION OF THE H SHARE FULL CIRCULATION

On March 7, 2025, China Securities Regulatory Commission (the “**CSRC**”) issued a filing notice in respect of the H Share Full Circulation. According to the filing notice, the filing with the CSRC in relation to the H Share Full Circulation, in respect of the conversion of 40,388,900 Unlisted Shares held by three shareholders of the Company into 40,388,900 H shares has been completed.

On April 1, 2025, the Stock Exchange granted listing approval for the converted H Shares.

On April 3, 2025, 40,388,900 unlisted Shares were converted into H Shares and the converted H Shares were listed on the Stock Exchange at 9:00 a.m. on April 7, 2025.

For the above terms and details, please refer to the announcements of the Company dated March 7, 2025, April 1, 2025 and April 3, 2025.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 29, 2026, the Company issued 356,000 new H Shares pursuant to the Awarded Shares granted under the RSU Scheme and, with the fulfillment of vesting conditions, proposed to be vested. The registered capital and total number of shares of the Company have been changed to RMB176,744,500 and 176,744,500 shares, respectively. To reflect such changes in the registered capital and total share capital of the Company, the Board has made corresponding amendments to the Articles of Association. For the above terms and details, please refer to the announcement of the Company dated January 29, 2026.

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

Biographies of Directors, Supervisors and Senior Management

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

EXECUTIVE DIRECTORS

Mr. XU Gaoming (徐高明), aged 61, the founder, executive Director, chairman of the Board, general manager and director of product research and development of our Company. He has been our Director, general manager and the director of R&D department since December 2016, and has served as the chairman of our Board since November 2019, respectively. He was re-designated as an executive Director and appointed as the chairman of the Board of our Company on November 9, 2023. He is primarily responsible for the overall management, daily operation, Board-related works and the research and development of products of our Company.

Mr. FENG Jianjun (馮建軍), aged 57, an executive Director and vice general manager of our Company. He has been our Director since November 2019 and vice general manager of our Company since January 2017, respectively. Mr. Feng was re-designated as an executive Director on November 9, 2023. He is primarily responsible for market expansion of our Company.

Mr. XU Rui (徐銳), aged 45, an executive Director and general manager of the business department of our Company. He has been our Director since November 2019 and general manager of the business department of our Company since January 2017, respectively. Mr. Xu was re-designated as an executive Director on November 9, 2023. He is primarily responsible for overall management of the business department of our Company.

Mr. JIANG Xia (蔣霞), aged 49, an executive Director and general manager of the quality management department of our Company. He has been the director of the quality inspection department of our Company since February 2018 and a supervisor of Yueyang Laopu since March 2018. Mr. Jiang was appointed as an executive Director on November 9, 2023 (effective upon Listing Date). He is primarily responsible for overall management of the quality management department of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SUN Yijun (孫亦軍), aged 57, was appointed as an independent non-executive Director on October 16, 2023. He is primarily responsible for providing independent advice and judgment to the Board.

Mr. Sun has over 30 years of experience in research, sales and client management in the electronic industry. Mr. Sun has served as the general manager and a director of Vanchip (Tianjin) Technology Co., Ltd. (唯捷創芯(天津)電子技術股份有限公司) (whose shares are listed on the Shanghai Stock Exchange (stock code: 688153)) since October 2010 and June 2015, respectively.

Dr. HE Yurun (何玉潤), aged 51, was appointed as an independent non-executive Director on October 30, 2023. She is primarily responsible for providing independent advice and judgment to the Board.

Dr. He has over 25 years of experience in accounting, internal control and corporate governance. Since February 2022, she has successively served as the divisional director of planning and finance department, and the dean of the business school of Beijing Technology and Business University (北京工商大學). She has been a professor and a supervisor of doctoral students of Beijing Technology and Business University since January 2016 and April 2017, respectively. Further, she has been a certified public accountant in the PRC since October 2004 and a senior member of Chinese Institute of Certified Public Accountants since December 2021.

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

Mr. SEE Tak Wah (施德華), aged 62, was appointed as an independent non-executive Director on November 9, 2023 (effective upon the Listing Date). He is primarily responsible for providing independent advice and judgment to the Board.

Mr. See has over 35 years of experience in financial and general management. Mr. See currently runs his own boutique management consultancy practice, Excello Partnership Asia Limited.

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

Mr. See has been a member of the Institute of Chartered Accountants of New Zealand since May 1990, a member of the Hong Kong Institute of Certified Public Accountants since January 1991 and a fellow member of the Hong Kong Institute of Directors since February 2006.

SUPERVISORY COMMITTEE

Ms. PENG Liuhua (彭柳華), aged 44, the chairperson of the Supervisory Committee (an employee representative Supervisor) and the administrative director of the Company. She has been the employee representative of our Company since November 2019 and the administrative director of the Company since January 2018, respectively. Ms. Peng has been the chairperson of our Supervisory Committee of the Company since September 2021. She is primarily responsible for presiding over the work of the Supervisory Committee, supervising and providing independent advice to our Board.

Ms. XIAO Yanhui (肖豔輝), aged 45, a Supervisor and the auditing director of the Company. She has been a supervisor of our Company since November 2019 and the auditing director of the Company since March 2017, respectively. She is primarily responsible for supervising and providing independent advice to our Board.

Mr. SUI Wu (隋武), aged 38, a Supervisor and a senior financial manager of the Company. He has been a supervisor of our Company since September 2021, and has been the financial manager and senior financial manager of the Company since January 2017. He is primarily responsible for supervising and providing independent advice to our Board.

SENIOR MANAGEMENT

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

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

Ms. LI Jia (李佳), aged 47, has been our vice general manager and chief financial officer since November 2019. Ms. Li joined our Group in May 2017 as the general manager of our financial department until November 2019. She is responsible for financial management of our Group.

Ms. Li has over 25 years of professional experience in finance and taxation. Through her work in accounting firms and corporate management, she has developed in-depth knowledge and practical experience in finance and taxation matters relating to corporate listing and financing, corporate restructuring, risk management and other related areas.

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

Ms. ZHOU Yajie (周雅潔), aged 40, has been our vice general manager since December 2024. She is in charge of our marketing department and managing our operations in the East China region.

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

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

Ms. XU Huijie (許惠劼), aged 49, has served as the vice general manager of the Company since April 2025, in charge of the Group’s legal department and responsible for the Group’s legal compliance work.

Ms. Xu has nearly 30 years of professional experience in legal-related fields. Prior to joining the Group, she was qualified as a lawyer in China, practiced in law firms and served as a partner for many years, mainly engaged in corporate and capital market businesses.

Ms. Xu obtained a master’s degree in law from Northwest University of Political Science and Law (西北政法大學) in 2002.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since the date of the publication of the Company’s 2025 Interim Report, save as disclosed in this annual report, there have been no changes in the information of the Directors, Supervisors and senior management of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of the Board

The Board is pleased to present its report together with the audited consolidated financial statements of the Company for the year ended December 31, 2025.

PRINCIPAL BUSINESS

Founded in 2009, we are the top heritage gold jewelry brand in China to promote the concept of heritage gold. The Company's operations encompass "independent product design and development, manufacturing, and omni-channel retailing".

We specialize in heritage gold jewelry, offering three major product lines including "heritage gold jewelry, stationary ornaments and daily use vessels". We introduced diamond-inlaid pure gold jewelry first in 2019, applied heat treatment of enamels (燒藍) to pure gold products first in 2022, and introduced gold-body lacquerware first in 2025, significantly driving product upgrades and high-quality development in China's gold jewelry industry. As of December 31, 2025, we created over 2,300 artworks, with 100% of them being original product designs and had 283 domestic patents, 1,683 work copyrights and 276 overseas patents.

We adopt a self-operated model for both offline stores and online sales channels. As at December 31, 2025, we have 45 self-operated boutiques in 16 cities in operation, all located in 34 well-known commercial centers with strict entry requirements, including 6 in SKP malls and 12 in MixC malls. We have also established online sales channels such as flagship stores on Tmall and JD.com.

We have emerged as a highly competitive Chinese brand capable of going head-to-head with international luxury brands, shattering the long-standing dominance of foreign brands in China's premium market. We achieved an average annualized sales amount of nearly RMB1 billion per shopping mall in 2025¹. According to Frost & Sullivan, among global luxury groups, we ranked first in terms of revenue per shopping mall and revenue per available square meter in Chinese mainland in 2025.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements on pages 105 to 169 of this annual report.

DIVIDENDS DISTRIBUTION

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

The Board recommends the payment of a final dividend (the "Final Dividend") of RMB11.95 per share for the year ended December 31, 2025 (2024: RMB6.35). The Final Dividend is still subject to the approval of the Company's shareholders at the upcoming annual general meeting (the "Annual General Meeting") to be held on Friday, May 8, 2026. The Final Dividend is payable to the shareholders whose names are listed in the register of members of the Company on Tuesday, May 19, 2026. The Final Dividend will be denominated and declared in RMB. The Final Dividend on Unlisted Shares, Hong Kong Stock Connect shares and H Share "Full Circulation" shares will be paid in RMB and on other H Shares will be paid in Hong Kong dollars. The proposed Final Dividend will be converted at the average of the central parity rates of RMB to HK\$ as announced by the People's Bank of China for the five business days immediately preceding the date on which the proposed Final Dividend is declared (i.e. Friday, May 8, 2026). Once approved by the Annual General Meeting, the Final Dividend is expected to be distributed on Wednesday, July 8, 2026. There are no arrangements under which a shareholder has waived or agreed to waive any dividends.

¹ Calculated by dividing the annualized amount of sales in each shopping mall by the number of shopping malls at the end of the year.

Based on the Company's confidence in its future development, in order to better reward investors, in respect of the dividends to be paid for the Reporting Period, the total amount of dividends to be paid was referred to 50% of the Group's undistributed profits as of December 31, 2025 by the Board. Based on the total number of issued Shares as at the Latest Practicable Date, the total amount of dividends to be paid was approximately RMB2,112 million.

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

Pursuant to the Notice of State Administration of Taxation on Issues Relating to Administration of Levying of Individual Income Tax Upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation on June 28, 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the individual income tax rates applicable to foreign resident individual shareholders themselves vary depending on the relevant tax treaty (arrangement) between the country or region (such as Hong Kong/Macao) to which their resident status belongs and Chinese mainland. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (SAT Announcement [2019] No. 35) by the State Administration of Taxation. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In case the individual H Shareholders are residents of the countries that have not entered into any tax agreement with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

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

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

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

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

TAX RELIEF AND EXEMPTION

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, May 8, 2026. The notice of the Annual General Meeting will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Unlisted Share Shareholders and H Shareholders entitled to attend and vote at the Annual General Meeting, the register of members of H Shares will be closed from Tuesday, May 5, 2026 to Friday, May 8, 2026 (both days inclusive). Unlisted Share Shareholders and H Shareholders whose names appear on the register of members of the Company on Friday, May 8, 2026 are entitled to attend and vote at the Annual General Meeting. In order to qualify for the entitlement to attend and vote at the Annual General Meeting, Shareholders must lodge all transfer forms accompanied by the relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders), or to the Company's office at Rooms 3-6, 6/F No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, the PRC (for Unlisted Share Shareholders) by no later than 4:30 p.m. on Monday, May 4, 2026.

In order to determine the list of Unlisted Share Shareholders and H Shareholders who shall be entitled to obtain final dividends, subject to the approval of the Shareholders at the Annual General Meeting, the register of members of the Company will be closed from Thursday, May 14, 2026 to Tuesday, May 19, 2026 (both days inclusive). The Company will distribute final dividends to Unlisted Share Shareholders and H Shareholders which are on the register of members of the Company on Tuesday, May 19, 2026. In order to be qualified to obtain final dividends, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders), or to the Company's office at Rooms 3-6, 6/F No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing, the PRC (in respect of Unlisted Share Shareholders) no later than 4:30 p.m. on Wednesday, May 13, 2026.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Group's business are provided in the "Management Discussion and Analysis" on pages 8 to 20 of this annual report. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report. Particulars of important events affecting the Group that have occurred after December 31, 2025, if any, can also be found in the "Management Discussion and Analysis" and the notes to the consolidated financial statements of this annual report.

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

Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group regards ESG as one of the core driving forces for long-term development, and will continue to deepen the implementation of ESG principles in the future, building long-term trust with all parties. We are committed to embedding the concepts of environmental protection and green development into all business operations and the entire chain of products and services, continuously reducing the negative impact of our operations on the environment.

During the year ended December 31, 2025, we complied with various environmental laws and regulations. For details of our environmental, social, and governance efforts during the year ended December 31, 2025, please refer to the section headed “Environmental, Social and Governance Report” in this annual report.

FINANCIAL SUMMARY

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

RELATIONSHIP WITH STAKEHOLDERS

Employees

As of December 31, 2025, the Group had 2,113 employees, of which 1,970 were employees in Chinese mainland and 143 were employees overseas. Our employees are generally remunerated by way of fixed salary. Our Group utilises an appraisal system for our employees and considers the appraisal results of individual employees in conducting their salary reviews, making promotion decisions and determining the amount of bonuses. We also maintain social insurance cover for our employees in accordance with the applicable PRC laws and the requirements of the local authorities.

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

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

Customers

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

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

For the year ended December 31, 2025, the Group's sales to its five largest customers accounted for less than 30% of the Group's total sales.

Suppliers

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

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

For the year ended December 31, 2025, purchases from the Group's five largest suppliers accounted for 91.4% of the Group's total purchases and purchases from the largest supplier accounted for 55.3%.

During the year ended December 31, 2025, none of the Directors or the Supervisors or any of their associates or any Shareholders who, to the best knowledge of the Directors and Supervisors, own more than 5% of the number of issued Shares of the Company, had any interest in the Company's five largest customers and suppliers.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 26 to the consolidated financial statements.

As at December 31, 2025, the issued share capital of the Company was 176,388,500 shares (of which 33,202,940 were Unlisted Shares and 143,185,560 were H Shares).

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2025 are set out on page 108 in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2025, pursuant to the relevant laws and regulations, the Company has distributable reserves of RMB3,131.36 million in total available for distribution. For more details, please see note 38 to the consolidated financial statements.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Group as at December 31, 2025 are set out in note 23 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 13 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

During the Reporting Period and as of the Latest Practicable Date, based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management are set out on pages 21 to 23 of this annual report.

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

According to the Articles of Association, the terms of service of both the Directors and the Supervisors are for three years, and all Directors and Supervisors are subject to reappointment or re-election upon the expiry of their term. Each of the executive Directors, independent non-executive Directors and Supervisors has entered into a service contract with the Company, with a service term commencing from the date of appointment to the expiration of the third session of the Board (November 17, 2028).

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at December 31, 2025, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares

Name of Director	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%) ⁽²⁾	Approximate percentage of shareholding in the total Shares issued (%) ⁽²⁾
Mr. Xu Gaoming ("Mr. Xu") ^{(3) & (4)}	Beneficial owner/Interest in controlled corporations/Interest held jointly with another person	Unlisted Shares	33,202,940	100.00	18.82
		H Shares	69,151,960	48.30	39.20

Notes:

- (1) All interests are long positions.
- (2) As at December 31, 2025, the Company had issued 176,388,500 Shares in total, including 33,202,940 Unlisted Shares and 143,185,560 H Shares.
- (3) As at December 31, 2025, Hongqiao Jinji directly held 56,101,300 Shares. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo and Hongqiao Jinji are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 102,354,900 Shares, representing approximately 58.03% of the total issued share capital of our Company.
- (4) As at December 31, 2025, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.

Save as disclosed above, as at December 31, 2025, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at December 31, 2025, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%) ⁽²⁾	Approximate percentage of shareholding in the total Shares issued (%) ⁽²⁾
Mr. Xu Dongbo ^{(3) & (4)}	Beneficial owner, interest held by controlled corporations, interest held jointly with another person	Unlisted Shares	33,202,940	100.00	18.82
		H Shares	69,151,960	48.30	39.20
Hongqiao Jinji ^{(3) & (4)}	Beneficial owner	Unlisted Shares	5,450,780	16.42	3.09
		H Shares	50,650,520	35.37	28.72
Mr. Chen Guodong ⁽⁵⁾	Beneficial owner	H Shares	15,072,900	10.53	8.55
Beijing Jinbu ⁽⁵⁾	Beneficial owner	H Shares	7,892,200	5.51	4.47

Notes:

- (1) All interests are long positions.
- (2) As at December 31, 2025, the Company had issued 176,388,500 Shares in total, including 33,202,940 Unlisted Shares and 143,185,560 H Shares.
- (3) As at December 31, 2025, Hongqiao Jinji directly held 56,101,300 Shares. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo and Hongqiao Jinji are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 102,354,900 Shares, representing approximately 58.03% of the total issued share capital of our Company.
- (4) As at December 31, 2025, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.
- (5) The relevant information regarding interests and long positions as set out above is based on information published on the website of the Stock Exchange (www.hkexnews.hk). Pursuant to Section 336 of the SFO, shareholders of the Company are required to lodge a notification of interests form if certain conditions are met. In the event of a change in the shareholding of a shareholder in the Company, such shareholder is not required to notify the Company and the Stock Exchange unless certain conditions are satisfied. Therefore, the latest shareholding of substantial shareholders in the Company may differ from that lodged with the Stock Exchange.

Save as disclosed above, as at December 31, 2025, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

ISSUANCE OF DEBENTURES

During the year ended December 31, 2025, no issuance of debentures was made by the Company.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

To the knowledge of the Board, none of the Directors or Supervisors or their associates had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2025.

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

No Director or Supervisor or an entity connected with a Director or Supervisor was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2025 or at the end of the year ended December 31, 2025.

CONTRACT OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2025 between the Company and a person other than a Director or Supervisor or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies during the Reporting Period and as of the Latest Practicable Date.

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

STAFF AND REMUNERATION POLICY

As of December 31, 2025, the Group had 2,113 employees, of which 1,970 were employees in Chinese mainland and 143 were employees overseas. Our employees are generally remunerated by way of fixed salary. Our remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. A Remuneration and Appraisal Committee was set up for reviewing the Company's remuneration policy and structure for all remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the remuneration of the Directors and the Supervisors and five highest paid individuals for the year ended December 31, 2025 are set out in note 8 and note 9 to the consolidated financial statements.

Details of the remuneration paid to the senior management of the Group by band for the year ended December 31, 2025¹ are set out below:

	No. of individuals
RMB2,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB10,000,000	2
RMB16,000,001 to RMB20,000,000	1

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2025.

CHARITABLE DONATIONS

The donations made by the Group during the year ended December 31, 2025 amounted to RMB10,306 thousand.

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

During the year ended December 31, 2025, except for the Initial Placing and the Second Placing (as defined below) disclosed in this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under the Listing Rules). As at December 31, 2025, the Company did not hold any treasury Shares (as defined under the Listing Rules).

RELATED PARTY TRANSACTIONS

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

CONNECTED TRANSACTIONS

The Group has not entered into any connected transaction or continuing connected transaction which are subject to the reporting, annual review and announcement requirements under the Chapter 14A of the Listing Rules for the year ended December 31, 2025.

¹ The above remuneration ranges include the employee share-based payment.

THE RSU SCHEME

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

(a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to:

- (i) attract and retain Eligible Participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward Eligible Participants for their past contribution to the Group;
- (ii) encourage Eligible Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole;
- (iii) enhance the Company's long-term remuneration incentive strategy; and
- (iv) align the interests of the Eligible Participants with those of the Company and the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

(b) Eligible Participants

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

(c) Term of the RSU Scheme

Except for early termination as determined by the Board pursuant to the Scheme Rules, the RSU Scheme is valid for a period of 10 years starting on February 26, 2025 and no further Awarded Shares will be granted under the RSU Scheme thereafter. The RSU Scheme has a remaining life of approximately 8 years and 10 months.

(d) Grant of Awards

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

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

(e) Vesting of Awards

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

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

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

- (i) Awarded Shares are grant of “make-whole” share awards to an Employee Participant who is a new joiner of the Group to replace the share awards which were forfeited when leaving the previous employer;
- (ii) Awarded Shares are granted to an Employee Participant whose employment is terminated due to death, disability or occurrence of any out of control event, in which circumstances the vesting of share awards may accelerate;
- (iii) Awarded Shares are subject to performance-based vesting conditions provided in the Grant Instrument and the Scheme Rules, in lieu of time-based vesting criteria;
- (iv) Awarded Shares are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awarded Shares would have been granted;
- (v) Awarded Shares are granted with a mixed or accelerated vesting schedule (such as where the Awarded Shares may vest evenly over a period of twelve (12) months); and
- (vi) Awarded Shares with a total vesting and holding period of more than twelve (12) months.

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

(f) Scheme Mandate Limit and Individual Limit

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

For the avoidance of doubt, under the RSU Scheme, the Scheme Mandate Limit is applicable to the grant of Awarded Shares to be satisfied by the issue of new H Shares and/or existing H Shares under the RSU Scheme, representing approximately 5.4% of the total number of issued Shares (excluding treasury Shares) of the Company and approximately 6.6% of the total number of issued H shares (excluding treasury Shares) of the Company as at the Latest Practicable Date.

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

Details of the Awarded Shares granted under the RSU Scheme during the Reporting Period as well as those unvested as at the beginning and end of the Reporting Period are as follows:

		During the Reporting Period									
Name of participant or category of participant	Grant date	Closing price of H Shares immediately before the grant date of the Awarded Shares	Fair value of the Awarded Shares on the grant date	Vesting period and performance targets	Purchase price	Unvested as at January 1, 2025	Granted	Vested	Cancelled	Lapsed	Unvested as at December 31, 2025
		(HK\$)	(HK\$) ⁽¹⁾		(HK\$)						
Associate of Supervisor											
Ms. HU Binbin (the spouse of Mr. SUI Wu, a Supervisor)	April 24, 2025	741.00	728.00	Note 2	N/A	–	10,000	–	–	–	10,000
Employees											
	February 26, 2025	530.00	537.00	Note 2	N/A	–	597,000	–	–	–	597,000
	April 24, 2025	741.00	728.00	Note 2	N/A	–	110,000	–	–	–	110,000
Total						–	717,000	–	–	–	717,000

Notes:

- (1) The fair value of the granted Awarded Shares on the grant date was measured based on the closing price of the Company's H Shares on the grant date. For the accounting standards and policies adopted for the Awarded Shares, please refer to “Note 27 Share-based Payments” in the consolidated financial statements of this annual report.
- (2) Vesting period and vesting conditions: Subject to continuing service, the granted Awarded Shares shall vest on the first anniversary of the grant date if conditions specified in the Grant Instrument are achieved.

Performance targets: The vesting of the granted Awarded Shares shall be subject to the achievement of certain performance targets, in particular, the Employee Participants' performance appraisal score in the preceding financial year before the vesting of granted Awarded Shares shall be “excellent”, and the Employee Participants are not prohibited from participating in the RSU Scheme as set out in terms of the RSU Scheme and the Grant Instrument.

For capitalized terms and details above, please refer to the circular of the Company dated February 11, 2025 and the announcements of the Company dated February 26, 2025 and April 24, 2025.

As of December 31, 2025, the number of H Shares available for grant under the Scheme Mandate Limit was 8,760,486. The numbers of H Shares that may be issued in respect of Awards granted under the RSU Scheme during the Reporting Period divided by the weighted average number of H Shares in issue (excluding treasury shares) for the Reporting Period is 0.42%.

USE OF NET PROCEEDS FROM THE LISTING

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

The intended and actual usage of the Net Proceeds as of December 31, 2025 are set out below:

Intended use of the Net Proceeds	Distribution of the Net Proceeds <i>HK\$ million</i>	Percentage of the total Net Proceeds	Unutilized amount as of December 31, 2024 <i>HK\$ million</i>	Utilized amount during the Reporting Period <i>HK\$ million</i>	Unutilized amount as of December 31, 2025 <i>HK\$ million</i>	Intended timetable for full utilization of the unutilized Net Proceeds
(i) allocated to expand sales network	701.6	73.3%	222.4	222.4	–	
(ii) allocated to maintain brand positioning and increase our brand awareness	108.2	11.3%	31.5	31.5	–	
(iii) allocated to optimize the internal information technology system and enhance the level of automation and informatization	25.8	2.7%	22.5	11.4	11.1	On or before December 31, 2027
(iv) allocated to strengthen our research and development capabilities	25.8	2.7%	25.2	5.8	19.4	On or before December 31, 2027
(v) allocated to our general working capital and general corporate purposes	95.7	10.0%	–	–	–	
Total	957.1	100.0%	301.6	271.1	30.5	

Balance of unutilized proceeds as of December 31, 2025 was approximately HK\$30.5 million. The Group will utilize the Net Proceeds for the intended purposes as stated in the Prospectus. As of the Latest Practicable Date, the Board is not aware of any material change to the plan as to the use of the Net Proceeds.

USE OF NET PROCEEDS FROM THE PLACING IN MAY 2025

To further strengthen the financial strength, market competitiveness and overall strength of the Group, as well as to promote the long-term healthy and sustainable development of the Group, on May 7, 2025 (after trading hours of the Stock Exchange), the Company, China Securities (International) Corporate Finance Company Limited and Citigroup Global Markets Limited (as placing agents) entered into the placing agreement, pursuant to which the placing agents have conditionally and severally (not jointly nor jointly and severally) agreed, as agents of the Company, to procure, on a best effort basis, not less than six placees (who are independent professional and institutional investors) in aggregate to purchase 4,310,000 new H Shares (the **"Initial Placing"**) at the placing price of HK\$630.00 per H Share. The closing price of the Company's H shares as quoted on the Stock Exchange on the date of entering into the placing agreement (being May 7, 2025) was HK\$685.00 per H share. On May 15, 2025, the Initial Placing was completed, with a total of 4,310,000 new H Shares successfully placed to not less than six placees at the placing price of HK\$630.00 per H Share under the terms of the above placing agreement and subject to the conditions of the placing agreement. The total nominal value of the new H Shares to be issued under the Initial Placing is RMB4,310,000. For details, please refer to the Company's announcements (the **"Initial Placing Announcements"**) dated May 8, 2025 and May 15, 2025, respectively.

After deducting the commission and estimated expenses, the net proceeds from the Initial Placing amount to approximately HK\$2,698.04 million (the **"Net Proceeds from the Initial Placing"**), representing an estimated net amount of approximately HK\$625.99 per new H Share, which will be allocated for use in accordance with the intended purposes set out in the Initial Placing Announcements.

The intended and actual usage of the Net Proceeds from the Initial Placing as of December 31, 2025 are set out below:

Intended use of the Net Proceeds from the Initial Placing	Distribution of the Net Proceeds from the Initial Placing <i>HK\$ million</i>	Percentage of the total of the Net Proceeds from the Initial Placing	Utilized amount during the Reporting Period <i>HK\$ million</i>	Unutilized amount as of December 31, 2025 <i>HK\$ million</i>	Intended timetable for utilization of the unutilized Net Proceeds from the Initial Placing
(i) for development of core business:	2,158.43	80.0%	2,148.43	10.00	On or before June 30, 2026
(a) for the expansion of boutiques in Chinese mainland: the Company intends to apply the proceeds to further accelerate its expansion of boutiques in Chinese mainland, targeting to cover broader consumer demographics across various cities and premium commercial hubs. The use of proceeds will include, but not be limited to, rental expenses during establishment, renovation expenses, inventory costs, as well as staff recruitment and training expenses required for the newly-opened boutiques.	558.00	20.7%	558.00	–	

Intended use of the Net Proceeds from the Initial Placing	Distribution of the Net Proceeds from the Initial Placing <i>HK\$ million</i>	Percentage of the total of the Net Proceeds from the Initial Placing	Utilized amount during the Reporting Period <i>HK\$ million</i>	Unutilized amount as of December 31, 2025 <i>HK\$ million</i>	Intended timetable for utilization of the unutilized Net Proceeds from the Initial Placing
(b) for the optimization of existing boutiques locations and floor area expansion: the Company intends to apply the proceeds to provide post expansion operational support for existing boutiques, including but not limited to renovation expenses, incremental inventory costs arising from the expansion, as well as staff recruitment and training expenses.	279.00	10.3%	279.00	–	
(c) for supporting the rapid growth in same-store sales: the Company intends to allocate the proceeds to support the rapid growth of same-store sales, primarily for: meeting inventory requirements for performance growth and stock preparation for the peak season, as well as recruitment of more production and sales staff to support the rapid growth in same-store sales and to ensure that increased end consumer demand is better met.	1,321.43	49.0%	1,311.43	10.00	On or before June 30, 2026
(ii) for working capital replenishment and general corporate purposes: the Company intends to apply the proceeds for working capital replenishment, senior level talent recruit and other administrative purposes to support the Company's business development.	539.61	20.0%	539.61	–	
Total	2,698.04	100.0%	2,688.04	10.00	

Balance of unutilized Net Proceeds from the Initial Placing as of December 31, 2025 was approximately HK\$10.00 million. The Group will utilize the Net Proceeds from the Initial Placing for the intended purposes as stated in the Initial Placing Announcements. As of the Latest Practicable Date, the Board is not aware of any material change to the plan as to the use of the Net Proceeds from the Initial Placing.

USE OF NET PROCEEDS FROM THE PLACING IN OCTOBER 2025

To further strengthen the financial strength, market competitiveness and overall strength of the Group, as well as to promote the long-term healthy and sustainable development of the Group, on October 21, 2025 (after trading hours of the Stock Exchange), the Company, Morgan Stanley Asia Limited and Goldman Sachs (Asia) L.L.C. (as placing agents) entered into the placing agreement, pursuant to which the placing agents have conditionally and severally (not jointly nor jointly and severally) agreed, as agents of the Company, to procure, on a best effort basis, not less than six placees (who are independent professional and institutional investors) in aggregate to purchase 3,711,800 new H Shares (the **"Second Placing"**) at the placing price of HK\$732.49 per H Share. The closing price of the Company's H shares as quoted on the Stock Exchange on the date of entering into the placing agreement (being October 21, 2025) was HK\$767.00 per H share. On October 30, 2025, the Second Placing was completed, with a total of 3,711,800 new H Shares successfully placed to not less than six placees at the placing price of HK\$732.49 per H Share under the terms of the aforesaid placing agreement and subject to the conditions of the placing agreement. The total nominal value of the new H Shares to be issued under the Second Placing is RMB3,711,800. For details, please refer to the Company's announcements (the **"Second Placing Announcements"**) dated October 22, 2025 and October 30, 2025, respectively.

After deducting the commission and estimated expenses, the Net Proceeds from the Second Placing amount to approximately HK\$2,706.76 million (the **"Net Proceeds from the Second Placing"**), representing an estimated net amount of approximately HK\$729.23 per new H Share, which will be allocated for use in accordance with the intended purposes set out in the Second Placing Announcements.

The intended and actual usage of the Net Proceeds from the Second Placing as at December 31, 2025 are set out below:

Intended use of the Net Proceeds from the Second Placing	Distribution of the Net Proceeds from the Second Placing <i>HK\$ million</i>	Percentage of the total of the Net Proceeds from the Second Placing	Utilized amount during the Reporting Period <i>HK\$ million</i>	Unutilized amount as of December 31, 2025 <i>HK\$ million</i>	Intended timetable for utilization of the unutilized Net Proceeds from the Second Placing
(i) for inventory reserves	1,894.73	70.0%	1,894.73	–	
(ii) for the expansion of boutiques, optimization of existing boutiques locations and floor area expansion	270.68	10.0%	270.68	–	
(iii) to replenish working capital and for general corporate purposes	541.35	20.0%	541.35	–	
Total	2,706.76	100.0%	2,706.76	–	

There was no balance of Net Proceeds from the Second Placing as of December 31, 2025. The Group has utilized the Net Proceeds from the Second Placing for the intended purposes as stated in the Second Placing Announcements.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

The Audit Committee of the Company, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Group's consolidated financial statements for the year ended December 31, 2025.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Ernst & Young.

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

On behalf of the Board

Mr. Xu Gaoming

Chairman of the Board

PRC, March 23, 2026

Report of the Supervisory Committee

In 2025, the members of the Supervisory Committee of the Company have conscientiously performed their supervisory duties, actively carried out their work, attended the Board meetings and Shareholders' meetings of the Company, and effectively supervised legal compliance of the Company's operations, its financial condition and the performance of duties of the Directors and management of the Company to promote standardized operation of the Company, in strict compliance with the applicable laws including the Company Law of the PRC and the relevant requirements of the Articles of Association and the Procedural Rules of the Supervisory Committee of the Company and adhering to the principle of good faith with an attitude of being responsible for the Company and Shareholders as a whole.

WORK OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company organized and convened four meetings in accordance with relevant rules, considered and approved proposals like, Periodic Reports and Financial Statements, internal control and self-assessment report, profit distribution, dividend policy, and election of new session of the Supervisory Committee, etc.

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

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

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

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

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

The Supervisory Committee has conducted rigorous supervision, inspection, and review of the Company's financial status and financial management system in 2025, and is of the view that the Company maintains a well-established financial management system with sound institutional frameworks and standardized operational procedures, demonstrating sound financial position. The auditor's report with standard unqualified opinion issued by Ernst & Young gives a true and fair view of the Company's financial condition and operating results in 2025.

By Order of the Supervisory Committee
Chairperson of the Supervisory Committee

PENG Lihua
March 23, 2026

Report of Independent Non-executive Directors

As the independent non-executive Directors of the Company, according to the requirements of the Listing Rules, the PRC Company Law and other relevant laws and regulations, as well as the Articles of Association, the terms of reference for Independent Non-executive Directors and other rules, we remained diligent and responsible in our work in 2025, earnestly performed our duties as independent non-executive Directors, kept abreast of the production and operation information and development status of the Company, actively attended relevant meetings, carefully reviewed the relevant resolutions of the Board, and effectively protected the legitimate rights and interests of the Company and its shareholders.

Our performance of duties as independent non-executive Directors in 2025 is reported as follows.

BASIC INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PERFORMANCE OF DUTIES DURING THE YEAR

Attendance of meetings of the Board and Shareholders' general meetings

In 2025, we actively attended shareholders' general meetings and meetings of the Board, and had not raised any objection to the resolutions proposed at such meetings. At the shareholders' general meetings, we listened carefully to the questions and opinions raised by the participating shareholders on the operation of the Company, and paid attention to the voting for the resolutions concerning the legitimate interests of the minority shareholders and their subsequent implementation. At the meetings of the Board, we carefully considered each proposal and ensured that the voting for the resolutions complied with the principles of independence, fairness and objectivity with a view to safeguarding the continuous healthy development of the Company.

Operation of the special committees under the Board

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

INVESTIGATIONS OF THE COMPANY

In 2025, we paid close attention to the operations, financial conditions, the establishment and implementation of internal control systems, and the implementation of Board resolutions. We conducted on-site inspections of the Company while attending meetings and at other times, and maintained timely communications with the Chairperson of the Supervisory Committee and other senior management of the Company through calls and emails to stay informed of the ordinary operations of the Company. Moreover, we remained vigilant of the impact of external environment and market changes on the Company, closely followed media and online reports concerning the Company, kept abreast of the progress of significant matters of the Company, understood the operations of the Company and proposed reasonable suggestions to support the Company's development.

EFFORTS IN PROTECTING SHAREHOLDERS' RIGHTS AND INTERESTS

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

PARTICIPATION IN TRAINING AND EDUCATION

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

OTHER MATTERS DURING THE 2025 TERM

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

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

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

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

The above is our report on the performance of our duties in 2025. In 2026, we will continue to perform our duties with due diligence and dedication in accordance with the requirements of applicable laws and regulations and relevant rules for independent non-executive Directors. Drawing on our professional knowledge and experience, we will contribute more constructive opinions or suggestions for the Company's development and express independent, objective and prudent opinions on the resolutions of the Board to further enhance the scientific decision-making of the Company and effectively protect the legitimate rights and interests of the Company and its shareholders.

Corporate Governance Report

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

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

Paragraph M of the mandatory disclosure requirements in Part I of the CG Code stipulates that the issuer should disclose a dividend policy. As resolved by the Board on August 20, 2025 and reviewed and approved by the Shareholders at the general meeting on November 18, 2025, the Company has adopted a dividend policy with the aim of providing foreseeable and reasonable returns to the Shareholders of the Company. For a summary of the dividend policy, please refer to the "Corporate Governance Report" section of this annual report.

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

BOARD OF DIRECTORS

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

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

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

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

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

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

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

Chairman and Chief Executive Officer/General Manager

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

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

Independent Non-Executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Appointment and Re-election of Directors

Each executive Director has entered into a service contract with the Company. According to the service contract, the term of office of each executive Director shall commence from the date of appointment until the expiry (November 17, 2028) of the term of office of the third session of the Board of Directors, and it may be terminated in accordance with the respective terms.

Each independent non-executive Director has entered into an appointment letter with the Company. According to the appointment letter, the term of office of each independent non-executive Director shall commence from the date of appointment until the expiry (November 17, 2028) of the term of office of the third session of the Board of Directors.

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

All executive Directors and independent non-executive Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Board has established mechanisms to ensure that independent views and input are available to the Board. In particular, Directors are encouraged to express their views openly at Board meetings, and major decisions are made only after thorough discussion. Where a Director considers it necessary to seek independent professional advice in the discharge of his or her duties, the Director may, in accordance with the applicable procedures, obtain such independent professional advice at the Company's expense. Where a Director has a material interest in a matter to be considered by the Board, the Director shall abstain from participating in the relevant discussion and voting, and shall not be counted towards the quorum for the relevant resolution. In addition, the independent non-executive Directors provide objective and impartial independent views on matters discussed by the Company, and their participation ensures that the Board maintains a strong and sufficient element of independence. The Board conducts an annual review of the implementation and effectiveness of the above mechanisms. During the Reporting Period, the Board reviewed the implementation of these mechanisms and considered them to be effective.

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

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

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

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

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they can make well-informed and practical contributions to the Board.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key production and operation premises and meetings with senior management of the Company.

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

During the year ended December 31, 2025, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices for their reference and studying.

The training records of the Directors for the year ended December 31, 2025 are summarized as follows:

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

BOARD COMMITTEES

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

Strategy Committee

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

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

During the Reporting Period, the Strategy Committee held one meeting. The main matters considered by the Strategy Committee include the proposed strategy plan for the year 2025, and other related matters.

Audit Committee

The Audit Committee comprises three members, including three independent non-executive Directors, namely Dr. HE Yurun, Mr. SUN Yijun and Mr. SEE Tak Wah. Dr. HE Yurun is the chairperson of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, provide advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings. The main matters considered by the Audit Committee include: the financial results and reports for the financial year ended December 31, 2024, the financial results and reports for the half year ended June 30, 2025, the review and examination of the Company's financial controls, internal audit function, effectiveness of internal control and risk management systems and the re-appointment of the auditor.

The Audit Committee also met the external auditors twice without the presence of the executive Directors and senior management during the Reporting Period.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee comprises three members, including two independent non-executive Directors, namely Mr. SEE Tak Wah and Dr. HE Yurun, and one executive Director, namely Mr. FENG Jianjun. Mr. SEE Tak Wah is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration and Appraisal Committee include determining or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules and other duties conferred by the Board of Directors, establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Reporting Period, the Remuneration and Appraisal Committee held five meetings. The main matters considered by the Remuneration and Appraisal Committee include: the proposed compensation plan of the proposed deputy general manager, the proposed adoption of RSU scheme, the grant of RSUs, the compensation plan of the Directors and senior management, the remuneration policy and structure, the proposed compensation plan for Directors and Supervisors of the new session during 2025, and other related matters.

Nomination Committee

The Nomination Committee comprises three members, including two independent non-executive Directors, namely Mr. SUN Yijun and Dr. HE Yurun, and one executive Director, namely Mr. XU Gaoming. Mr. SUN Yijun is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and diversity required of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; monitoring the implementation of diversity policy for board members, and assessing the independence of independent non-executive Directors.

During the Reporting Period, the Nomination Committee held three meetings. The main matters considered by the Nomination Committee include: the proposed appointment of a deputy general manager, the structure, size and composition of the Board, the independence of the independent non-executive Directors, the diversity policy and the nomination policy, the nomination of candidates for the new session of the Board, and other related matters.

Diversity Policy

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

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

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

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

During the Reporting Period and as of the Latest Practicable Date, one out of seven of the Directors was female, and the Company has been taking and will continue to take steps to maintain at least one female Director on the Board. Further, the Company has been taking, and will continue to take steps to promote gender diversity at the Board and management levels.

The Company places great importance on gender diversity, with 69% of our employees being female as of December 31, 2025. The Company will (i) consider the possibility of appointing female senior management who have the necessary skills and experience; (ii) ensure that gender diversity is promoted in the Group by recruiting staff at middle to senior level; (iii) provide career development and training opportunities to our female staff whom we consider having the suitable experience, skill and knowledge of the operation and business to prepare them with the required attributes and competencies to serve as members of the Board with regards to the strategic needs and the industry in which the Company operates, such that they will be eligible for managerial and board-level positions in the future; and (iv) identify and select suitable female candidates to become the Board members and such candidates will be reviewed and recommended by the nomination committee to the Board periodically. The Company is of the view that the above measures will offer greater prospects for securing a pipeline of female candidates to achieve further gender diversity in the Board in the long run.

CORPORATE GOVERNANCE FUNCTIONS

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

During the Reporting Period, the Board had reviewed the Company's policies and practices on compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

During the Reporting Period, the Company has adopted the practice of holding Board meetings regularly with at least four times a year in accordance with code provision C.5.1 in Part II of the CG Code, and at approximately quarterly intervals with active participation of all the Directors, either in person or through electronic means of communication.

The attendance records of each Director at the meetings of the Board of Directors and its committees during the Reporting Period are as follows:

Name of Directors	Attendance/Number of Meeting(s)					
	Board meeting(s)	Strategy Committee meeting(s)	Audit Committee Meeting(s)	Remuneration and Appraisal Committee meeting(s)	Nomination Committee meeting(s)	General meeting(s)
Executive Directors						
Mr. XU Gaoming	13/13	1/1	N/A	N/A	3/3	3/3
Mr. FENG Jianjun	13/13	1/1	N/A	5/5	N/A	3/3
Mr. XU Rui	13/13	1/1	N/A	N/A	N/A	3/3
Mr. JIANG Xia	13/13	N/A	N/A	N/A	N/A	3/3
Independent non-executive Directors						
Mr. SUN Yijun	13/13	N/A	2/2	N/A	3/3	3/3
Dr. HE Yurun	13/13	N/A	2/2	5/5	3/3	3/3
Mr. SEE Tak Wah	13/13	N/A	2/2	5/5	N/A	3/3

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

We have established a three lines of defense model for risk management and internal control mechanisms.

The first line of defense consists of the Company's various business and functional departments, which are responsible for daily business operations and management, as well as the design and implementation of relevant controls to address risks. Each department identifies risk events based on internal and external environments, and continuously improves and strengthens the Company's internal control rules and regulations system accordingly. Department heads ensure that the requirements of each daily control activities are effectively implemented through internal training, dissemination, and self-inspection within their departments.

The second line of defense is implemented by the internal control team, which is responsible for formulating policies related to the Company's risk management and internal control, uniformly planning and carrying out the development of the risk management and internal control systems, and assisting the first line of defense in establishing and enhancing its risk management and internal control systems. In this capacity, it performs supervisory duties to provide reasonable assurance that the risk management and internal control efforts of the first line of defense are effectively implemented.

The third line of defense is implemented by the internal audit team, which is responsible for providing independent evaluations of the effectiveness of the Company's risk management and internal control systems, and supervising management in the continuous improvement and enhancement of risk management and internal control practices and shall directly report work progress and results to the Audit Committee.

The general manager's office supervises the risk prevention and control efforts of all departments, coordinates cross-departmental risk prevention and control, incorporates risk responsibilities and indicators into the key performance indicators (KPIs) of the primary responsible persons of each department, ensuring the sustained and healthy operation of the risk prevention and control mechanism.

We endeavour to uphold the integrity of our business by maintaining risk management and internal control systems within our organizational structure. Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure.

We engaged an independent internal control consultant (the "Internal Control Consultant") to perform a review of the adequacy and effectiveness of the risk management and internal control systems over our major business processes. The contents relate to, among other matters, the control environment, risk management, information and communication, operational-level controls (such as revenue, procurement, inventory, fixed assets, fund management, expense reimbursement, financial reporting, human resources, etc.) and internal supervision to enhance the internal control system of our Group. The Internal Control Consultant has not identified any material findings which may have material impact on the effectiveness of our internal control system.

Based on the result of the Internal Control Review, the Board, as supported by the Audit Committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

WHISTLEBLOWING POLICY

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

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

INSIDE INFORMATION

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

POTENTIAL CONFLICT OF INTERESTS BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS

As part of our corporate governance policies, the independent non-executive Directors review, on an annual basis, whether there are any conflict of interests between the Group and the Controlling Shareholders and provide advice to protect the interests of our minority Shareholders. During the year ended December 31, 2025, the independent non-executive Directors have reviewed the necessary information. Given that (i) none of the Controlling Shareholders or their associates had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group; (ii) the Group did not enter into any connected transaction, which are subject to the reporting, annual review and announcement requirements under the Chapter 14A of the Listing Rules, with the Controlling Shareholders or their associates; and (iii) the Audit Committee had reviewed the Group's internal control systems for the year ended December 31, 2025 and considered that such systems are effective and adequate, the independent non-executive Directors were of the view that there were no potential conflict of interests between the Group and the Controlling Shareholders during the year ended December 31, 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors and Supervisors. Specific enquiries have been made to all the Directors and Supervisors, and the Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period and up to the Latest Practicable Date.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. The Company is not aware of any incidents of non-compliance with the Model Code by its employees during the Reporting Period and up to the Latest Practicable Date.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

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

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

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

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

AUDITOR'S REMUNERATION

The total fee paid/payable to the external auditors of the Company, Messrs. Ernst & Young, in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

Category of services	Fee paid/payable RMB'000
Audit services	3,113
Non-audit services*	1,991
Total	5,104

* Non-audit services include tax professional advisory services, and review services for the 2025 interim results.

JOINT COMPANY SECRETARIES

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

Ms. HE Jing was appointed as a joint company secretary of our Company on November 9, 2023. She joined our Company in June 2018 and has served as our director of internal control since then. She is responsible for the daily work of the company secretary of the Group. Ms. HE has extensive experience in corporate management and board matters. From June 2010 to May 2018, she served as a deputy director of risk consulting of Deloitte Huayong Accounting Firm (Special General Partnership) (德勤華永會計師事務所(特殊普通合夥)).

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

During the Reporting Period, each of Ms. HE and Ms. LI has undertaken not less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The Company publishes its annual report, interim report, announcements, and circulars on its website (www.lphj.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The Company also publishes the terms of reference of the committees under the Board on its website, enabling shareholders to access more corporate information via the Company's website.

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

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

The Company maintains regular and sufficient communication with market investors. The Company's Directors and management will hold various forms of meetings with institutional investors, fund managers, other shareholders, institutional analysts, etc., as appropriate. They will address shareholders' questions about the Company and regularly provide feedback on shareholders' opinions to the relevant departments within the Company. During the Reporting Period, the Company maintained close communication with Shareholders and investors through the above communication methods and channels. Upon review, the Company considers that the overall shareholders' communication policy has been effective.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at shareholders' meetings, including the election of Directors. All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting.

Procedures for Shareholders to Convene Extraordinary General Meeting

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

- (1) to sign one or more written requests of the same format and content to propose the Board to convene an extraordinary general meeting and state the subject matter of the meeting. The Board shall give a written reply as to whether or not it agrees to convene an extraordinary general meeting within ten (10) days after receiving the aforesaid written request.
- (2) if the Board agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within five (5) days after the adoption of the relevant board resolution. Any changes to the original requisition set out in the notice are subject to prior consent of the Shareholders concerned. The Shareholdings referred to above shall be maintained until the announcement of the shareholders' meeting resolution.

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

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

Procedures for Shareholders to Nominate Candidates of Directors

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

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

Putting Forward Enquiries to the Board

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

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

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

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

Change in the Articles of Association

In accordance with the provisions of the PRC Company Law and the Articles of Association, as well as the resolution in relation to the General Mandate passed at the annual general meeting of the Company held on May 20, 2025, the Board will make corresponding amendments to the Articles of Association as it deems appropriate to reflect the registered capital and total share capital of the Company as a result of issuance of additional Shares under the General Mandate. As the First Placing and the Second Placing were completed on May 15, 2025 and October 30, 2025, respectively, corresponding amendments to the Articles of Association have been made by the Board to reflect such changes in the registered capital and total share capital of the Company. For details, please refer to the announcements of the Company dated May 15, 2025 and October 30, 2025.

With reference to the latest Guidelines for the Articles of Association of Listed Companies issued by the China Securities Regulatory Commission and in light of the Company's actual circumstances, on October 22, 2025, the Board proposed to amend the relevant provisions of the Articles of Association of the Company, which was approved and became effective at the extraordinary general meeting of the Company held on November 18, 2025. For details, please refer to the announcements of the Company dated October 22, 2025 and November 18, 2025 and the circular of the Company dated November 3, 2025.

Dividend Policy

The Company has adopted a dividend policy on November 18, 2025, on payment of dividends, and summaries are as below:

- With an aim of providing stable and reasonable returns to the Shareholders.
- The Company shall distribute dividends twice per annum. The amount of each dividend distribution by the Company shall be 50% of the accumulated undistributed profits recorded in the consolidated financial statements as of the end of the current period, and the distribution shall be made in cash.
- When proposing the declaration of dividends, the Board shall mainly consider the following factors: the characteristics of the industry, stage of corporate development, business strategy, business model, profitability, existence of significant capital expenditure plans, as well as any other conditions or factors deemed relevant by the Board.
- The Policy and the declaration and/or payment of dividends shall be in the best interests of the Company and its shareholders, and shall comply with all applicable laws and regulations.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report aims to provide an objective and transparent disclosure of the environmental, social and governance (hereinafter referred to as “ESG”) practices and performance of Laopu Gold Co., Ltd. (hereinafter referred to as “Laopu Gold” or the “Company” or “we”) and its subsidiaries (the “Group”) in 2025. For detailed information on corporate governance, it is recommended to read in conjunction with the Corporate Governance Report section in this annual report.

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”), and fully considers its reporting principles, namely materiality, quantitative, balance and consistency:

- **Materiality:** This report gives a report on the ESG issues that the board of directors has determined to have a significant impact on all stakeholders.
- **Quantitative:** This report discloses relevant quantitative data in the ESG area, supplemented with explanatory text.
- **Balance:** This report provides an objective presentation of the Company’s ESG performance during this Reporting Period.
- **Consistency:** Unless otherwise stated, a consistent disclosure and statistical methodology is applied for each Reporting Period.

This Report covers the management policies and performance of the Group in terms of ESG from January 1, 2025 to December 31, 2025 (i.e., the “Reporting Period”). To enhance the completeness and comparability of the report, some information appropriately traces back to previous years. The group policies and data as disclosed in this Report, unless otherwise specified, encompass the Company and its subsidiaries.

BOARD STATEMENT

The Board of Directors, as the highest governing body responsible for the Group’s ESG matters, exercises comprehensive oversight over the Company’s ESG affairs by regularly reviewing ESG plans, hearing special work reports, and supervising implementation, thereby ensuring that ESG concepts are deeply integrated into all aspects of operation and management.

The Board of Directors, taking into account industry characteristics and the Company’s core business, identifies material ESG issues through internal assessments and communication with stakeholders. It evaluates their potential impact on business operations, risk control, and long-term value creation, prioritizes them, formulates corresponding management strategies, and integrates related risks into the overall corporate risk management system for coordinated control.

Furthermore, the Board regularly reviews the Company’s progress towards its ESG objectives, analyzes deviations from targets and areas for improvement, ensuring that ESG efforts are closely linked to the Company’s long-term strategy and business development, and jointly promoting the synergistic growth of commercial value and sustainable value.

ESG MANAGEMENT

ESG Governance Structure

The Group regards ESG as one of the core drivers of its long-term development. In the future, the Group will continue to deepen the implementation of ESG concepts, build long-term trust with all parties, and build the world's top gold jewelry brand with unparalleled competitiveness.

The Group has established a clear ESG governance structure, committed to fulfilling corporate social responsibilities and achieving sustainable development across all levels of its business operations.

The Board of Directors, as the highest governing and decision-making body for the Group's ESG matters, exercises comprehensive management over the Company's ESG affairs. Concurrently, all directors receive annual special training related to ESG, covering topics such as ESG trends, industry developments, and regulatory requirements, to continuously enhance their competency in ESG management.

The Strategy Committee of the Board is responsible for overall planning and guidance of ESG-related work, including: researching and resolving the Company's ESG-related strategies, objectives, policies and systems, risks and opportunities (including climate-related risks and opportunities) and significant matters, reviewing ESG-related reports, supervising and inspecting the implementation of ESG work and the progress of objectives, and making recommendations. Regarding the aforementioned matters, the Strategy Committee of the Board reports to the Board and provides relevant opinions in a timely manner (at least once a year).

The Audit Committee of the Board is responsible for assisting the Board in overseeing the identification, assessment, response and supervision of ESG-related risks and opportunities (including climate-related risks), and reviewing the effectiveness of ESG-related risk management and internal controls. Regarding the aforementioned matters, the Audit Committee of the Board reports to the Board and provides relevant opinions in a timely manner (at least once a year).

To drive the implementation of the Group's ESG work, the Group has established an ESG working group. This group is responsible for coordinating the implementation of specific tasks according to ESG objectives, executing ESG management policies, monitoring progress towards objectives, ensuring the adequacy and effectiveness of ESG-related measures; conducting stakeholder communication and responding to concerns; coordinating the collection, consolidation, analysis and monitoring of ESG performance data, and preparing ESG reports. Regarding the aforementioned matters, the ESG working group reports to the Strategy Committee and the Audit Committee in a timely manner (at least once a year).

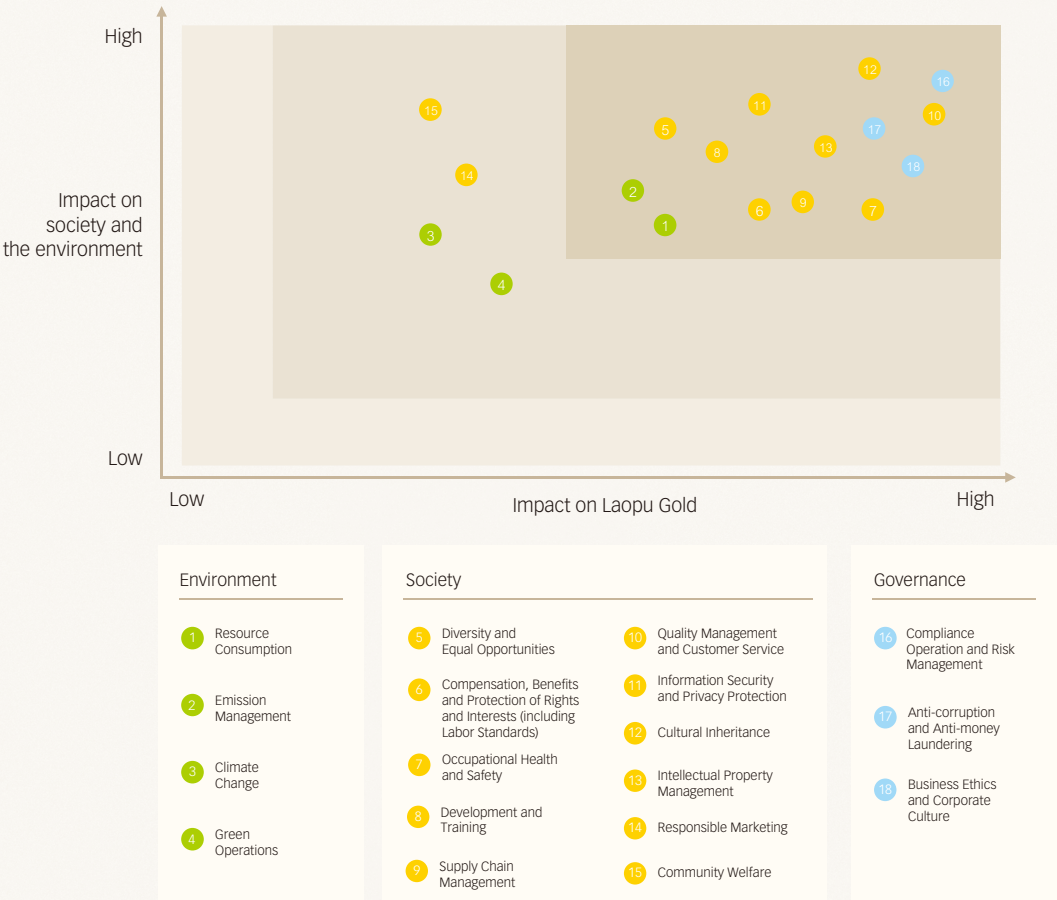
Stakeholder Communication

We identify key stakeholders and have established efficient, transparent, regular and diversified communication channels to actively listen to and respond to their expectations and concerns. We communicate the Group's development and operational status with all parties in a timely manner, working together to continuously optimize and enhance the Group's ESG management and practices.

Stakeholders	Major Concerns	Communication Channels
Regulatory Authorities	- Compliance operations and risk management - Anti-corruption and anti-money laundering - Occupational health and safety - Environment management (including emission management, climate change, green operations and resource consumption) - Quality management and customer service	- Policy consultations - Research visits - Work meetings
Shareholders and Investors	- Compliance operations and risk management - Anti-corruption and anti-money laundering	- General meetings - Results announcements - Investor meetings - Official website
Employees	- Diversity and equal opportunities - Compensation, benefits and rights protection (including labor standards) - Occupational health and safety - Development and training	- Face-to-face communication - Employee training - Complaint mailbox
Customers	- Quality management and customer service - Information security and privacy protection - Responsible marketing	- Customer service hotline - Membership center - Official website
Suppliers and Partners	- Supply chain management - Anti-corruption and anti-money laundering	Supplier evaluation and site visits
Community and Public	- Community welfare - Business ethics and corporate culture	Public welfare activities

Material Issues

We attach importance to the identification and management of material issues. Through continuous communication with stakeholders via multiple channels, and considering the Company’s strategy, industry characteristics, and current business development status, we screen and prioritize ESG issues for detailed reporting. The analysis results provide a reference for the Company’s ESG management. The results of the materiality analysis are shown in the following chart:



PRODUCTS AND SERVICES

Cultural Inheritance

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

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

Laopu Gold consistently takes classical culture as its product theme, deeply extracting the essence of China's outstanding traditional culture and oriental aesthetics, refining classic symbols and imagery imbued with both historical depth and emotional resonance. Laopu Gold takes elements with auspicious meanings and philosophical depth, such as gourds and the crossed vajra, and gives them contemporary expression through innovative design language, allowing them to radiate renewed cultural vitality and artistic charm in the new consumption environment, continuously gaining consumer favor and resonance.

The heritage gold crafting techniques passed down by Laopu Gold are the legacy of imperial goldsmithing from various Chinese dynasties, primarily encompassing three major crafts, i.e., “ancient casting method, handcrafted fine gold detailing, and handcrafted gold finishing”. Each category includes multiple heritage gold crafting techniques, among which the “filigree and inlay” technique was inscribed on the National Intangible Cultural Heritage List in June 2008 and continues to be utilized, inherited, and developed in Laopu Gold's contemporary innovations.

Laopu Gold has achieved systematic high-quality inheritance of Chinese culture and intangible cultural heritage crafts. Through the international expansion of its brand and market, it enables the world to appreciate the beauty of China's culture and intangible cultural heritage crafts.

Pioneer a new era for the industry

Since establishment of its heritage gold jewelry business in 2009, Laopu Gold has not only served as a drafting unit for the two group standards of “*Fine gold adornment with Chinese traditional gold and silver craft*” (《古法金飾品》團體標準) and “*Fine gold adornment setting with diamonds and made of Chinese traditional gold and silver craft*” (《古法金鑲嵌鑽石飾品》團體標準) published by the China Gold Association, but has also driven the development of heritage gold with multiple industry firsts. Laopu Gold is the first brand to introduce “diamond-inlaid pure gold jewelry”, and the pioneer in launching innovative craft products such as “pure gold enamel products” and “gold-body lacquerware”, significantly leading and spurring the rapid surge in market demand for heritage gold products. According to Frost & Sullivan, the market size of heritage gold jewelry in Chinese mainland was about RMB13 billion in 2018, and is expected to reach approximately RMB421.4 billion by 2028, with an expected compound annual growth rate of 21.8%.

By integrating China's intangible cultural heritage gold craftsmanship with international fashion aesthetics and adhering to original design, Laopu Gold continuously creates high-end heritage gold products with distinct cultural value. Laopu Gold has driven the industry's shift from a low-quality involution to high-quality economic development, ushering in a new era for the industry.

Quality and Product Integrity

The Group regards quality and product integrity control as one of the cores of the product strength of Laopu Gold. We strictly comply with domestic and international quality management requirements, including the *Product Quality Law of the People's Republic of China*, and have established internal quality control systems such as the *Product Quality Management Process*, the *Product and Raw Material Inspection Management Policy*, and the Product Quality Standards, strictly adhering to quality standards. Every product from Laopu Gold undergoes rigorous quality control management throughout the entire process, from “design, sampling and processing” to “warehousing and shelf placement” and inspection from the National Jewelry Quality Testing and Inspection Center (國家首飾質量檢驗檢測中心), the certificate of which is ensured to be attached with every item stored and displayed in Chinese mainland. From internal management to external product certification, we provide consumers with a full range of product quality assurance. A multi-tiered and stringent quality control system ensures that we maintain our competitive edge in product excellence.

During the Reporting Period, the Group did not engage in any significant violations of laws and regulations related to product quality liability. Quantitative data relating to our products and services is presented in the “ESG Key Performance”.

Customer Services

High-quality customer service is paramount to the brand positioning of Laopu Gold. We strictly comply with domestic and international laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》) and the *Measures for the Punishment of Acts Infringing upon Consumers' Rights and Interests* (《侵害消費者權益行為處罰辦法》), and have formulated internal policies and systems such as the *Customer Service Manual* to strictly regulate service processes and standards.

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

In addition, we have established a membership center and set up characteristic themed scenes such as Chinese classical study rooms and tea rooms in more stores. This setup more thoroughly showcases our classic craftsmanship, signature products, and brand thematic culture, offering consumers an immersive shopping experience. We also offer a range of after-sales services to our members, including lifetime complimentary basic care services, and cord replacement services.

Information Security and Privacy Protection

The Group considers data security and privacy protection to be fundamental to the stable operation of the enterprise. We strictly comply with relevant laws and regulations in the locations where we operate such as the *Cyber Security Law of the PRC*, the *Data Security Law of the PRC*, the *Law of the PRC on the Protection of Personal Information*, the *Personal Data (Privacy) Ordinance* in Hong Kong, the *Law on Network Security (No. 13/2019)* in Macau, and the *Law on the Protection of Personal Data (No. 8/2005)* in Macau. Internally, we have formulated management regulations such as the *Personal Information Protection Management Regulations*, and the *Information System Security Management Basic Outline* to ensure data protection requirements cover all business processes. We continuously improve the information security management system, take precautions against data leakage, protect the security of information and data to the greatest extent, and ensure compliance with the above-mentioned provisions when collecting, storing, using and/or processing customers' personal data. We pay close attention to the policies related to user information protection issued by ministries and commissions such as the Ministry of Industry and Information Technology of the People's Republic of China, the Office of the Central Cyberspace Affairs Commission, and the China Consumers Association, and continuously update the Company's internal information security management measures to ensure that the Company's information security management system complies with the latest legal and regulatory requirements.

The Group formulates user service agreements, clearly defining user information and privacy policies. Before collecting customer information, we explicitly inform them of the purpose, scope, and methods of use. We collect and retain the minimum necessary personal data of its customers in the database, contingent upon their voluntary consent in accordance with laws. Without explicit authorization from the individual, it is prohibited to provide or display personal information to third parties in any way. Customers have control over their personal data and are allowed to query, correct, delete, or withdraw authorization.

The Group has established an Information Technology Department responsible for formulating data protection strategies, supervising policy implementation, and coordinating cross-departmental data security matters. We have implemented a series of measures to protect information security and customer privacy, registering data processing activities, and adopting several protective measures at the network and data layers to ensure the security of data stored and transmitted in our systems, such as strict internal and external network isolation policies, encrypted network access restrictions, deployment of Web Application Firewall (WAF) programs, antivirus programs, and authorization controls applied at both the application and server levels following the principle of least privilege. We also employ a variety of encryption technologies to ensure data security, including full encryption of data backups and Transport Layer Security (TLS) encryption, thus effectively preventing data theft or tampering, and ensuring the data authenticity and integrity. We conduct an annual cybersecurity penetration test and also carry out periodic special audits of information systems to promptly identify and rectify potential risks. The Group has obtained Level 2 certification for information security protection, demonstrating our capability to safeguard against various external malicious attacks and swiftly recover in the event of an attack.

Meanwhile, we have developed data breach emergency response plans, specifying incident classification, reporting paths, and handling procedures to ensure a rapid response and mitigate impact in the event of a data breach. We have developed disaster recovery plans for all application servers, and our cloud service provider has implemented redundancy mechanisms and various other data loss protection and disaster recovery measures to ensure the security and stability of our cloud-stored data.

Furthermore, we conduct ongoing privacy and data security training for all employees, including case studies and operational specification training, to enhance the information security and privacy protection awareness of all staff.

Intellectual Property Protection

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

Responsible Marketing

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

ENVIRONMENTAL MANAGEMENT

Laopu Gold strictly complies with relevant applicable laws and regulations such as the *Environmental Protection Law of the People’s Republic of China* and the *Law of the People’s Republic of China on Energy Conservation*, as well as other environmental protection regulations in the locations where it operates, fully committed to promoting a green operational model. We have formulated and implemented rules and regulations such as the *Environment Protection Policy* and the *Contingency Plan for Environmental Emergencies*, establishing a comprehensive environmental management system and standardizing environmental management procedures, dedicated to putting the green operation concept into practice.

The Group’s operational premises are primarily located in commercial office buildings (daily offices), renowned commercial centers (boutique operations), and buildings in the economic development zones (a self-owned factory). We are committed to embedding the concept of environmental protection deeply into all business segments and the entire chain of products and services, actively implementing pollution prevention and control strategies, and effectively improving environmental management efficiency. Through a top-down management approach, the Group continuously strengthens the management of emissions and resource consumption, systematically conducts environmental risk assessments, promptly identifies and effectively controls potential environmental risk factors, and comprehensively enhances environmental management effectiveness.

To deepen the practice of green operations, the Group regularly conducts environmental protection training and awareness campaigns, actively promotes the full participation of all employees in environmental management, encourages employees to implement environmental protection measures in daily operations, integrates the concept of green development into all processes of corporate operations, and continuously consolidates the foundation for sustainable development.

Emission Management

Laopu Gold strictly complies with relevant applicable laws and regulations in the locations where we operate such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*. We formulate and strictly adhere to management policies and regulations covering emissions such as wastewater, exhaust gases and solid waste, and have established a regular monitoring mechanism to continuously reduce the negative environmental impact of our operations. Quantitative data relating to emission management is presented in the "ESG Key Performance".

1. Factory Production Process

The primary production processes of Laopu Gold encompass heritage casting methods (wax ejecting, investment casting, core removal, sand hole repair and polishing, etc.), traditional handcrafted goldsmithing techniques (carving, embedding, heat treatment of enamels, etc.), overall surface treatment, and subsequent product processing. These processes generate only minimal pollutants. We adhere to internal systems such as the *Environmental Protection System and Standards* to implement standardized management of exhaust gases, wastewater, solid waste and noise generated during production. This ensures all emissions are compliantly treated and discharged up to standards, reduces noise pollution, and effectively avoids damage to the surrounding environment.

Compliant Wastewater Discharge

Acidic wastewater generated during production is centrally collected and properly treated through environmental protection equipment. Production wastewater is discharged into a collection and sedimentation tank. We conduct daily stratified monitoring of wastewater to ensure that wastewater meets national discharge standards before being discharged and engage third-party organizations for regular testing to ensure that the pollutant concentrations in the treated wastewater at the final discharge outlet comply with local wastewater discharge requirements. Our domestic sewage is treated via the industrial park's septic tanks^{Note 1}.

Proper Treatment of Exhaust Gases

We have installed exhaust gas purification devices in the factory. Air collection hoods capture organic waste gases (paraffin smoke) and gold melting fumes generated during production. These gases are then centrally treated using jewelry exhaust gas purification devices (an alkali atomization device utilizing electric mist elimination technology) and led to the building rooftop, at a height of no less than 20 meters, for compliant discharge. We also engage third-party organizations to conduct regular testing to ensure that the concentration of pollutants in the treated exhaust gas at the main emission point complies with local exhaust gas emission requirements. We are equipped with automatic monitoring equipment to track gas concentrations within the factory, enabling real-time alerts in case of abnormal concentrations.

Effective Waste Management

Hazardous waste is mainly consists of small quantities of chemical packaging containers and engine oil generated in our production process. We manage hazardous waste in a standardized way through the *Hazardous Chemicals Management Policy*. Waste containers and engine oil are temporarily stored in a hazardous waste storage room and are collected and processed centrally by engaged third-party environmental protection companies.

Non-hazardous waste, primarily consisting of discarded waste gypsum, packaging bags, and slag from sedimentation tanks, is centrally stored in a general solid waste room. Waste gypsum is regularly collected and disposed of by specialized institutions, while discarded packaging bags, slag from sedimentation tanks and domestic waste are placed together in the park's garbage area for centralized collection and disposal by the sanitation department.

Reasonable Noise Control

Equipment operation is the main source of noise during production. We have implemented foundational vibration damping measures to effectively reduce equipment noise, planned the layout of noisy equipment rationally, and ensured noise sources are located away from the factory boundary by situating machinery inside the factory buildings. Additionally, during equipment operation hours, we take measures such as closing doors and windows to minimize noise interference with the external environment.

Note 1: During the Reporting Period, the Company has not yet systematically collected statistics on wastewater discharge from its production and operation processes. In future years, it will gradually improve the collection, monitoring, and disclosure of environmental data, and continuously enhance its environmental management level.

2. Daily Operations

Wastewater generated during the daily operations of the Group's boutiques and offices consists solely of domestic sewage, which is discharged into the corresponding municipal pipeline networks via the commercial office buildings or shopping centers. Waste primarily comprises non-hazardous materials such as discarded office supplies and domestic waste. We have implemented garbage classification management, entrusting a qualified third-party organization with the compliant disposal of recyclable waste to promote resource recycling. Furthermore, we regularly conduct environmental protection training and awareness campaigns to continuously enhance employees' environmental protection consciousness and participation in waste sorting.

Resource Consumption Management

Laopu Gold places high importance on managing the consumption of various resources, strictly adhering to relevant national laws, regulations and industry standards. We have formulated and rigorously follow policies and systems covering the conservation of resources such as water, electricity, fuel and paper. The concept of resource conservation is deeply integrated into the entire operation process, continuously driving down energy intensity and advancing the green transformation of our operations. Quantitative data relating to resource consumption is presented in the "ESG Key Performance".

Energy Management

In terms of electricity usage, the Group implements refined electricity management, systematically promoting energy-saving renovations and operational optimization. We are progressively phasing out high-energy-consumption equipment and promoting energy-efficient electrical facilities and smart control devices (such as timer/sound-activated devices) to adjust electricity load based on demand. We optimize temperature control plans for air conditioning in business premises to eliminate unnecessary energy consumption. Electricity usage is closely monitored, reasonable consumption ranges are set, and periodic assessments are conducted to ensure electricity consumption remains within appropriate limits. For boutique operations, we scientifically plan lighting systems and strictly enforce the policy of shutting down energy sources during non-business hours to minimize standby energy consumption and continuously improve energy utilization efficiency.

In terms of fuel usage, this mainly pertains to gasoline used by office vehicles and few diesel used in our factory. We gradually replace traditional vehicles with electric vehicles to effectively reduce dependence on fossil fuels and lower carbon emission intensity. We actively promote a culture of green commuting and strictly control total gasoline consumption, ensuring its usage remains within a reasonable range.

Water Management

Sensor-activated water-saving devices are installed in our operating premises, and a regular inspection mechanism is implemented to prevent leaks and drips. Through continuous water conservation publicity and behavioral guidance, we strengthen all the employees' awareness of water saving. Concurrently, we implement dynamic monitoring of water usage to ensure water resources are always utilized within a reasonable range.

Paper Management

We deeply promote a paperless office, extensively utilizing collaborative office systems and electronic approval processes. We advocate double-sided printing and the recycling of wastepaper and reduce the consumption of items like disposable paper cups, systematically lowering paper usage intensity. Furthermore, we have implemented an electronic invoice system across all boutiques. Through guiding green consumption, we have significantly increased the proportion of electronic invoices used, markedly reducing the consumption of paper receipts, thereby extending the concept of green service to the consumer end.

Packaging Materials

The Group has established a green evaluation and management system for packaging materials, systematically assessing their environmental attributes from a product life-cycle perspective. We continuously optimize packaging design, prioritizing the use of environmentally friendly, recyclable, and biodegradable materials, significantly reducing the proportion of plastic used to lessen the environmental burden at the source. Concurrently, we extend green packaging requirements to supply chain management, encouraging upstream suppliers and product transport service providers to adopt low-carbon, environmentally friendly packaging materials, thus systematically implementing resource conservation goals.

Environment and Natural Resources

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

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

Our operational premises are primarily located in commercial office buildings (offices), renowned commercial centers (boutiques), and economic development buildings (a self-owned factory). These locations do not involve any damage to surrounding natural resources. Their operations comply with local environmental laws and regulations. When selecting office locations, we prioritize buildings that meet green building standards. Currently, our leased office spaces in Beijing and Shanghai have been certified as LEED Platinum Buildings, and some of our boutiques are also situated in commercial complexes that have received green building certification. During the Reporting Period, there were no serious environmental violations or administrative penalties that would have a significant impact on the environment.

Addressing Climate Change

Governance

The Group has organically integrated climate change-related matters into its ESG governance structure. The Board’s Strategy Committee holds the responsibility for climate risk and opportunity management. It is responsible for reviewing and approving the Group’s overall climate change strategy, receiving an annual report on the assessment results of climate change risks and opportunities, corresponding strategies and progress against targets, and providing recommendations for improvement. The Board’s Audit Committee assists in overseeing the processes for identifying, assessing, and responding to climate-related risks and opportunities. The ESG working group, in coordination with various business departments, is responsible for the specific implementation of climate-related work and monitors the achievement of relevant targets. Through this interconnected governance mechanism, we ensure the adequacy and effectiveness of climate change-related measures.

The Group places high importance on building the cognitive capacity of all employees regarding climate-related risks and opportunities. This year, we have conducted ESG training for the Board, including dedicated climate sessions, and invited external experts to share cutting-edge insights. This ensures that the Board possesses the necessary knowledge and skills to effectively supervise and manage the Company’s strategies for addressing climate risks and opportunities, continuously enhancing our management level in this area.

Strategy

The Group fully recognizes the potential impact of climate risks and opportunities on our business operations, financial performance and long-term sustainable development. We continuously improve our mechanisms for identifying and analyzing these risks and opportunities. By strengthening cross-departmental coordination and communication, we deepen the understanding of climate risks across all business units. Based on this understanding, we formulate targeted management strategies and response measures, systematically enhancing our overall climate risk management capabilities and effectively seizing climate-related development opportunities.

Risk Type	Climate-Related Risks/Opportunities	Risk/Opportunity Impact	Impact Period ¹	Response Measures
Physical Risks	Acute Physical Risks	Extreme weather events such as heavy rain and flooding may disrupt our supply chain and boutique operations, directly leading to reduced boutique footfall and revenue loss. Additionally, we may be impacted by increased maintenance costs for boutiques, warehouses, and offices, as well as higher insurance premiums. The health and safety of our employees may also be threatened.	Short-, medium – and long-term	We have established an information gathering mechanism to monitor extreme weather forecasts in real-time. We have formulated relevant policies such as safety standards for operating premises and emergency material reserve standards to mitigate the impact of climate change on operations. Corresponding emergency plans have been developed, with regular drills and inspections of reserve materials and employee knowledge to enhance the Company's emergency response capability.
Physical Risks	Chronic Physical Risks	The projected continued rise in global average temperatures will increase the demand for air conditioning and cooling systems, leading to higher electricity expenses. This directly increases operating costs and impacts overall financial performance.	Long-term	Systematically optimize the energy efficiency management of air conditioning systems by setting scientific temperature control ranges and dynamically adjusting operational strategies based on temperature changes. Through regular communication campaigns and specialized training, we deepen all employees' sense of responsibility for energy conservation and consumption reduction, encouraging the practice of green office behaviors.
Transition Risks	Policies and laws and regulations risks	Revisions or enactments of new environmental, social, and governance laws and regulations by the government that affect our business operations would create transition risks. Governments may increase sustainability requirements, restrict the materials or processes we can use to produce and process our products, and increase our procurement and labor costs. Suppliers may change due to such laws and regulations, requiring us to change or replace cooperative suppliers.	Medium – and long-term	We monitor external policy changes, regularly review the compliance and adaptability of the Company's corresponding environmental policies and guidelines, and promptly update the corresponding control measures. We continuously explore emission reduction initiatives related to the use of environmentally friendly alternative materials in product packaging.

¹ Based on extensive external information references and the Company's business operations, we have set the time scale for the impact of climate risks and opportunities to within 1 year, including 1 year (short term) after the end of the Reporting Period, 1 to 5 years, including 5 years (medium term) after the end of the Reporting Period, and more than 5 years after the end of the Reporting Period (long term).

Risk Type	Climate-Related Risks/Opportunities	Risk/Opportunity Impact	Impact Period ¹	Response Measures
Transition Risks	Market Risks	As the concept of green, low-carbon, and sustainable consumption gradually prevails, customers are paying more attention to the environmental impact of products and the Company's measures to address climate change. Failure to keep pace with these trends in a timely manner may lead to customer attrition. Climate change may lead to higher energy prices, thereby increasing transportation costs.	Medium – and long-term	Continuously monitor customer expectations regarding green, low-carbon, and sustainable products, closely follow the development trends of the green market, and promote the transformation and upgrading of products. Gradually optimize transportation plans by establishing reasonable transport routes and increasing the proportion of new energy vehicles used.
Opportunities	Green operation	Advance enterprises' transformation to net zero low-carbon emission.	Short-, medium – and long-term	Systematically implement a carbon reduction strategy across the entire value chain. Based on the characteristics of operational scenarios such as offices, boutiques, and the factory, formulate targeted energy-saving measures and implement them with precision. Extensively carry out awareness campaigns and capacity building for energy conservation and emission reduction. Continuously improve fleet loading rates, optimize transportation route planning, scientifically arrange warehouse dispatch based on delivery locations to shorten total transport distances, and prioritize the use of new energy logistics vehicles to systematically reduce Scope 1 to Scope 3 carbon emissions.

During the Reporting Period, the Group comprehensively reviewed the potential financial impacts associated with key climate-related physical risks, transition risks and opportunities. In terms of physical risks, extreme weather events could potentially impact boutique footfall and sales, as well as the logistics and transportation of raw materials, potentially leading to a decline in sales revenue and additional costs related to supply chain disruptions. In terms of transition risks, the tightening of low-carbon policies and the promotion of green consumption concepts may drive increased investment in areas such as energy-saving renovations, consequently leading to a temporary increase in operation-related costs. In terms of climate-related opportunities, the systematic implementation of carbon reduction strategies can lead to a reduction in operation-related costs and enhance the brand's competitiveness in the sustainable consumption market.

Overall, during this year, the impacts mentioned above did not have a significant adverse effect on the Group's overall profitability or financial stability. The Company's current overall financial performance was not materially affected. Based on current assessments, it is anticipated that these factors will not pose a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next Reporting Period. Furthermore, considering the stable and standardized nature of the Company's business operation model, the effective response measures already formulated for various risks and opportunities, and the ongoing dynamic monitoring of the evolution of these risks and opportunities, no significant financial impact is expected in the future.

Risk Management

Addressing climate-related risks has become an integral part of the Group's comprehensive risk management system. During this year, we have established and continuously improved an annual identification and assessment mechanism for climate risks and opportunities:

Risk Identification: Referring to the TCFD (Task Force on Climate-Related Financial Disclosures) analytical framework and industry practices, combined with research on industry trends, we compile a list of climate risks. Based on our core business model, through cross-departmental discussions and consultations with external experts, we accurately identify key climate risks and opportunities, forming a dynamically updated list of climate risks and opportunities.

Risk Assessment: We organize thematic seminars centered on foundational information and the climate risk list, gathering input from key functional departments and business management. This allows us to systematically assess the potential impacts of climate factors on our business model, value chain, and financial performance. Based on the assessment results, high-priority risks are incorporated into the Company's overall risk ranking and control system, serving as a key basis for resource allocation and business decisions.

Risk Response: We formulate differentiated response plans for different risks, clearly defining responsible departments, implementation paths, and timelines. For significant risks, we review the adequacy of resource allocation, the effectiveness of response measures, and the reasonableness of transition plans, integrating them into the annual key work plan for coordinated promotion and implementation.

Risk Management Monitoring and Improvement: The Group's management regularly reviews the implementation progress and actual effectiveness of climate risk response measures, promptly addressing implementation bottlenecks and dynamically adjusting strategies to adapt to changes in the internal and external environment. The Board and its special committees receive a dedicated report on climate risk management at least once a year, tracking the implementation progress of response measures and the achievement of interim goals, ensuring the standardized and effective operation of the climate risk management mechanism.

Metrics and Targets

The Group has established a mechanism for the regular collection and calculation of greenhouse gas emission data. During this year, building upon the coverage of Scope 1 and Scope 2 greenhouse gas emissions, we systematically advanced the calculation of Scope 3 greenhouse gas emissions. We have collected and calculated greenhouse gas emission data related to business travel (Scope 3, Category 6). Concurrently, we are continuously advancing the calculation of greenhouse gas emission data for the remaining categories to compile a complete and accurate Scope 3 greenhouse gas emission inventory, thereby enhancing the transparency of carbon emissions across our entire value chain.

Environmental Targets

Based on business characteristics and medium-to-long-term development plans, the Group has established environmental targets covering key areas such as resource efficiency and waste reduction, and is committed to continuously managing and effectively reducing the negative environmental impacts across all its operational processes. In addition, the Group has integrated its target planning into the development of a long-term climate governance system, and will gradually carry out systematic research in light of national policy directions, industry trends, and its own operational realities. Looking ahead, once the data foundation, management capacity, and internal and external conditions are stable and mature, the Group will formulate scientifically sound and feasible short-, medium-, and long-term carbon reduction targets, further improve its climate change management system, and steadily advance its low-carbon transformation.

- Resource Efficiency: Conduct energy conservation campaigns, strengthen patrols in production and office areas to eliminate waste of water and electricity, and enhance energy efficiency.
- Waste Reduction: Ensure that 100% of waste is disposed of by qualified third parties.

EMPLOYMENT AND LABOR PRACTICES

Diversity and Equal Opportunity

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

Our recruitment, compensation and promotion opportunities are not based on an employee’s gender, age, educational background, marital status, pregnancy, family, disability, race, ethnicity or national origin, nationality, religious beliefs, or any other non-work-related factors. The Group strictly prohibits any form of discrimination, harassment or defamation in the workplace for any reason. During the Reporting Period, the Group did not identify any instances of non-compliance with anti-discrimination regulations.

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

Compensation, Benefits and Protection of Rights and Interests

In accordance with applicable laws and regulations in the locations where we operate such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the PRC*, the Group has established its compensation and benefit management policy (In addition to paying social insurance and housing provident fund, we provide comprehensive compensation and benefits, including wages, bonuses, employee care leave and other allowances.) These policies aim to create a fair, just, reasonable and market-competitive compensation benefits management framework. Additionally, we implement equity incentive plans to motivate, attract and retain outstanding talents.

On February 26, 2025, the Company adopted the "2025 Share Award Scheme" RSU Scheme upon the approval by the extraordinary general meeting, proposing to grant up to 9.4775 million H shares (accounting for 10% of the issued H shares) to the core team. The incentive recipients include Directors (excluding independent non-executive Directors), Supervisors, and core employees, with a focus on high-performing employees (requiring an "Excellent" performance rating for the previous year) and key positions (such as senior management and technical backbone), achieving both breadth and depth of coverage. On February 26, 2025, the Company granted a total of 597,000 Awarded Shares to 27 employees of the Company in accordance with the terms of the RSU Scheme. On April 24, 2025, the Company further granted a total of 120,000 Awarded Shares to 21 employees (including Ms. HU Binbin (胡彬彬) (the spouse of Mr. SUI Wu (隋武), a Supervisor of the Company)) of the Company in accordance with the terms of the RSU Scheme. For the above terms and details, please refer to the Company's circular dated February 11, 2025 and the Company's announcements dated February 26, 2025 and April 24, 2025.

We request department heads to allocate human resources judiciously to maximize work efficiency, avoid unnecessary overtime, and safeguard the legitimate rights and interests of employees. The Group formulates internal policies based on local employment laws, which serve as the basis for determining reasonable working hours and leave entitlements for employees. In accordance with relevant laws, regulations and internal policies, such as the Attendance and Leave Management Policy, the Group, including its headquarter, stores and factory, will select working hour systems and leave standards for relevant positions based on actual circumstances.

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

We are committed to creating a healthy, inclusive, and warm workplace ecosystem through comprehensive care initiatives, so that every employee can feel warmth and a sense of belonging while realizing their self-worth. At the same time, we have built a multi-channel, full-loop employee communication and feedback mechanism, including various communication channels such as a grievance procedure, complaint email, and suggestion box, and we regularly conduct employee satisfaction/engagement surveys. We actively respond to and promptly improve upon employee feedback, ensuring that employees' voices are heard and valued.

Occupational Health and Safety

We attach great importance to occupational and workplace safety and have complied with the relevant applicable laws and regulations in the locations where we operate concerning the provision of a safe working environment and the protection of employees from occupational hazards, which may have a significant impact on the Group, including but not limited to the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Occupational Safety and Health Ordinance* in Hong Kong. To ensure production safety, we have established a comprehensive and effective safety production management policy, and have formulated various standard operating procedures such as the *Work Safety Management Manual*, the *Emergency Response Plan for Work Safety Accidents*, and the *Dual System of Management and Control of Risk Classification and Hidden Risk Investigation and Treatment* to regulate safety production management. Quantitative data relating to occupational health and safety is presented in the “ESG Key Performance”.

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

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

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

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

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

Development and Training

The development and progress of our employees are crucial to our success. To facilitate employee growth, we have established a comprehensive training system, providing employees with a range of training opportunities, including new employee orientation training, specialized training, internal mentor training, external institution training, online courses, etc. The training content covers the Company's code of conduct, anti-corruption and anti-money laundering, information security, legal compliance, health and safety, and professional training skills for various functional departments. In our daily production activities, we implement an apprenticeship system to provide technical and knowledge training for new employees. Quantitative data related to training and development is presented in the "ESG Key Performance".

At the same time, we provide employees with fair, just and smooth promotion pathways, covering a dual-path promotion model for professional skills and management capabilities. We have clarified corresponding promotion standards based on the characteristics of each position and formulated the *Performance Appraisal Management System* and the *Promotion and Demotion System* to regularly assess and evaluate employees' work performance, abilities, attitudes, and other work aspects over a certain period. The performance appraisal of our front-line employees is not strongly correlated with sales performance. We place greater emphasis on the service quality of front-line employees, striving to provide customers with high-quality and consistent service.

We also strictly prohibit any form of unfair or unjust dismissal and have established strict policies to govern dismissal procedures.

Labor Standards

The Group has strictly adhered to the labor laws and regulations promulgated by the countries and regions where it operates, including the *Provisions on the Prohibition of Using Child Labour* and the *Law of the PRC on the Protection of Minors*, so as to prohibit the employment of any child or forced labor.

In terms of prohibiting the employment of child labor, we strictly verify the relevant identity information of applicants during both the recruitment and onboarding processes to confirm they meet the legal working age; in terms of preventing forced labor, we prioritize the autonomy of our employees and their vacation arrangements, while respecting their reasonable working hours and holidays. We strictly prohibit restricting employees' personal freedom or coercing labor through methods such as collecting deposits, withholding documents, or conducting threats. When employees leave, we respect their freedom to choose new career opportunities. During the Reporting Period, the Group did not identify any significant instances of non-compliance or violations of laws and regulations pertaining to the prohibition of child labor and forced labor.

SUPPLY CHAIN MANAGEMENT

Responsible procurement and sound supply chain management are essential to ensure reliable product quality and the sustainability of our supply chain. To promote sustainable and responsible practices, we have established various management policies for suppliers, including the *Quality Standards for Gold Raw Materials and Gold Products*, the *Management System for Gold Procurement and Processing*, the *Quality Standards and Quality Inspection Procedures for Raw Materials*, and the *Management System for Production and Processing Suppliers*. Quantitative data related to supply chain management is presented in the "ESG Key Performance".

Qualification Review

Under these policies, in addition to considering factors such as infrastructure, production capacity and market reputation, we also evaluate potential suppliers' performance in terms of legal, ethical, environmental and social compliance. All suppliers must undergo our established evaluation process prior to formal procurement. The supplier review rate for 2025 was 100%.

We require suppliers to comply with the laws of the countries and regions where they are located and prohibit the employment of any child labor, involuntary labor, etc., so as to ensure the protection of employee rights throughout the supply chain. Given equal qualifications, we will give priority to suppliers who provide environmentally friendly products and services. During supplier access, we evaluate suppliers through due diligence and on-site inspections to ensure their compliance with environmental, social and governance regulations.

The Group maintains partnerships with multiple suppliers to mitigate the risk of over-dependence. The Group requires suppliers, through signed agreements, to respect and comply with our compliance policies, including anti-bribery policies, to support fair competition.

We firmly oppose the procurement of raw materials such as gold and diamonds originating from conflict zones, involving illegal mining, infringing on human rights, or violating environmental regulations, to strictly guard against the risk of unethical jewelry raw materials related to crime, armed conflict, or human rights violations. In the case of gold raw material suppliers and diamond raw material suppliers, we require that such suppliers possess membership in the Shanghai Gold Exchange (if they are domestic gold raw material suppliers) or the Shanghai Diamond Exchange (if they are domestic diamond raw material suppliers), as well as a robust internal financial accounting system. These national-level institutions typically impose stringent requirements on the gold and diamonds provided by their qualified suppliers. We believe by virtue of their strong supervision and surveillance, we are able to ensure the legality of sources of gold and diamond that we procure from our suppliers.

Supplier Evaluation

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

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

We attach great importance to building a culture of anti-corruption and integrity, strictly adhere to anti-corruption and anti-bribery laws and regulations, while consistently upholding the principles of honest practice, integrity in operations, as well as fairness and justice. We have established policies such as the Company Charter, the Employee Work Discipline, Anti-Fraud Management Policy and Anti-Money Laundering Policy to ensure the standardization of employee conduct. Every new employee must participate in an orientation training before taking the post, study relevant regulations, and confirm their understanding. During the Reporting Period, we conducted training on anti-corruption, codes of conduct, etc., for the Company's Directors and employees.

Additionally, we require our suppliers to respect and adhere to our compliance policies, including our anti-bribery policy. We have also established stringent control procedures in this regard to prevent corruption and dishonesty in execution, including dual verification, multi-level reviews, and periodic inspections.

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

We have established a whistle-blower hotline and an email address for corruption and fraudulent activities. We actively encourage employees to report any suspected fraudulent or illegal activities, and ensure that all reported cases are thoroughly and promptly investigated. Upon detection of any suspected fraudulent activities, our internal control and audit departments will collaborate with our legal, human resources and office personnel to conduct a preliminary assessment, form an investigation team, and compile an investigative report. We have established and implemented a whistle-blower protection mechanism, conducting investigations into complaints and reports in accordance with the principles of fairness, impartiality, and confidentiality. Whistle-blowers and the information they provide will be kept strictly confidential.

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

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

COMMUNITY PARTICIPATION

We firmly believe that a corporate's long-term value is not only reflected in economic benefits but also in its sustained contribution and positive impact on society. The Group actively undertakes its social responsibilities, never forgetting to give back to the society while advancing corporate development.

We encourage our employees to actively participate in public welfare activities, such as children education, social volunteer services, care for vulnerable groups in the community, community environmental protection services, and promotion of Chinese classical culture, and make charitable donations across multiple fields. In November 2025, Laopu Gold donated HK\$10 million to urgently support the fire rescue in Wang Fuk Court in Tai Po District, Hong Kong, helping affected residents overcome difficulties. As of the end of the Reporting Period, our total public welfare donation amounted to RMB10,306 thousand.

In the future, we will actively explore more diverse social welfare activities and forms, giving back to society through practical actions.

APPENDIX

ESG KEY PERFORMANCE

Scope	Indicators	Unit	2025
Products and Services	Percentage of total sold or shipped products as recalled for safety and health reasons	%	0
	Complaints and litigation cases related to product health and safety	Case	0
	Complaints and litigation cases related to customer privacy	Case	0
	Domestic patents	No.	283
	Overseas patents	No.	276
Emissions*	Copyrights of domestic works	No.	1,683
	Total hazardous waste ^{Note 2}	Tonnes	1.00
	Hazardous waste intensity**	Tonnes/RMB million revenue	0.00
	Total non-hazardous waste ^{Note 3}	Tonnes	9.72
	Non-hazardous waste intensity***	Tonnes/RMB million revenue	0.00
Energy and Resources Consumption ^{Note 1}	Comprehensive energy consumption	MWh	3,348.12
	Direct energy consumption	MWh	644.37
	Gasoline	MWh	81.27
	Diesel	MWh	3.50
	Liquefied petroleum gas	MWh	58.92
	Natural gas	MWh	500.67
	Indirect energy consumption	MWh	2,703.76
	Purchased electricity	MWh	2,703.76
	Energy consumption intensity	MWh/RMB million revenue	0.12
	Total water consumption	Tonnes	16,232.00
	Water consumption intensity	Tonnes/RMB million revenue	0.59
	Packaging materials used ^{Note 4}	Tonnes	536.52

Note 1: Unless otherwise specified, environmental data are taken from the Group's head office in Beijing and its own factory in Yueyang.

Note 2: Highly acidic chemical packaging containers from the Group's own factory and disposed of by a third-party professional institution.

Note 3: Gypsum powder from the Group's own factory and disposed of by a third-party professional institution.

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

* Taken from the Group's own factory.

** Hazardous waste intensity was actually 0.00004 tonnes/RMB million.

*** Non-hazardous waste intensity was actually 0.0004 tonnes/RMB million.

Scope	Indicators	Unit	2025
Greenhouse Gas Emissions Note 1,5	Total greenhouse gas emissions (Scope 1 and 2)	Tonnes of Carbon dioxide equivalent	1,570.99
	Direct greenhouse gas emissions (Scope 1) Note 6	Tonnes of Carbon dioxide equivalent	136.37
	Indirect greenhouse gas emissions (Scope 2)	Tonnes of Carbon dioxide equivalent	1,434.61
	Indirect greenhouse gas emissions (Scope 3) – employee travel	Tonnes of Carbon dioxide equivalent	266.58
	Intensity of greenhouse gas emissions (Scope 1 and 2)	Tonnes of Carbon dioxide equivalent/RMB million revenue	0.06
Air Emissions	Particulate matter	Tonnes	0.47
	Non-methane hydrocarbon	Tonnes	2.51
Employment	Total number of employees	Person/%	2,113/100
	Total number of employees by gender	Total number of male employees Person/%	653/31
		Total number of female employees Person/%	1,460/69
	Total number of employees by employment category	Total number of full time employees Person/%	2,097/99
		Total number of part-time employees Person/%	16/1
	Total number of employees by age group	Total number of employees aged below 30 Person/%	1,222/58
		Total number of employees 30-50 years old Person/%	822/39
		Total number of employees aged over 50 Person/%	69/3
	Total number of employees by region	Total number of employees in Chinese mainland Person/%	1,970/93
		Total number of employees in regions outside Chinese mainland (including Hong Kong, Macau and Taiwan) Person/%	143/7
	Employee turnover rate Note 7	%	6.2
	Employee turnover rate by gender	Turnover rate of male employees %	7.2
		Turnover rate of female employees %	5.7
	Employee turnover rate by age group	Turnover rate of employees aged below 30 %	6.5
		Turnover rate of employees 30-50 years old %	5.6
		Turnover rate of employees aged over 50 %	7.1
	Employee turnover rate by region	Turnover rate of employees in Chinese mainland %	6.4
		Turnover rate of employees in regions outside Chinese mainland (including Hong Kong, Macau and Taiwan) %	2.3

Note 5: The Group's greenhouse gas (GHG) accounting scope primarily covers carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). GHG emission data are presented in terms of carbon dioxide equivalent and calculated in accordance with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors, and the Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Other Industrial Enterprises.

Note 6: Scope 1 emission data covers mobile sources (gasoline) and stationary sources (diesel, liquefied petroleum gas, natural gas), excluding fugitive emissions.

Note 7: Employee turnover rate = Number of employees who left during the year/Number of employees employed during the year.

Scope	Indicators		Unit	2025
Health and Safety	Number of work-related fatalities		Person	0
	Rate of work-related fatalities		%	0
	Number of work-related injury		Person	1
	Lost days due to work-related injury		Day	30
Development and Training	Proportion of trained employees		%	100
	Percentage of trained employees by gender	Male employees	%	100
		Female employees	%	100
	Percentage of trained employees by level	Senior management	%	100
		Middle-level employees	%	100
		Grassroots employees	%	100
	Average training hours per employee		Hour	55
	Average training hours completed per employee by gender	Male employees	Hour	48
		Female employees	Hour	58
	Average training hours completed per employee by level	Senior management	Hour	30
Middle-level employees		Hour	43	
Grassroots employees		Hour	56	
Supply Chain Management	Number of suppliers*		No.	89
	Number of suppliers by region	Chinese mainland	No.	79
outside Chinese mainland (including Hong Kong, Macau and Taiwan)		No.	10	
Anti-corruption and Anti-money Laundering	Anti-corruption-triggered litigation cases		Case	0
Community Participation	Anti-money laundering penalty cases		Case	0
	Public welfare donation		RMB'000	10,306

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

HKEX ESG REPORTING CODE INDEX

Part B: Mandatory Disclosure Requirements		
Aspects	Disclosures Requirements	Index
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement ESG Management – Governance Structure
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

Part C: “Comply or Explain” Provisions		
Aspects	Disclosures Requirements	Index
Environmental		
A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management – Emission Management
	A1.1 The types of emissions and respective emissions data	Environmental Management – Emission Management ESG Key Performance
	A1.2 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	ESG Key Performance
	A1.3 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	ESG Key Performance
	A1.4 Description of emissions target(s) set and steps taken to achieve them	Environmental Management – Emission Management Environmental Management – Addressing Climate Change
	A1.5 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environmental Management – Emission Management
A2 Use of Resources	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management – Resource Consumption Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	ESG Key Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	ESG Key Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them	Environmental Management – Resource Consumption Management Environmental Management – Addressing Climate Change
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Management – Resource Consumption Management
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	ESG Key Performance

Part C: "Comply or Explain" Provisions		
Aspects	Disclosures Requirements	Index
A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Management – The Environment and Natural Resources
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Management – The Environment and Natural Resources
Social		
B1 Employment	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labor Forces – Diversity and Equal Opportunity Employment and Labor Forces – Compensation, Benefits and Protection of Rights and Interests
	B1.1 Total workforce by gender, employment category (for example, full-time or part-time), age group and region	ESG Key Performance
	B1.2 Employee turnover rate by gender, age group and region	ESG Key Performance
B2 Health and Safety	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment and Labor Forces – Occupational Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	ESG Key Performance
	B2.2 Lost days due to work-related injury	ESG Key Performance
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labor Forces – Occupational Health and Safety
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labor Forces – Development and Training
	B3.1 The percentage of employees trained by gender and employee category (Such as senior management, middle management, etc.)	ESG Key Performance
	B3.2 The average training hours completed per employee by gender and employee category	ESG Key Performance

Part C: “Comply or Explain” Provisions		
Aspects	Disclosures Requirements	Index
B4 Labour Standards	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment and Labor Forces – Labor Standards
	B4.1 Description of measures to review employment practices to avoid child and forced labour	Employment and Labor Forces – Labour Standards
	B4.2 Description of steps taken to eliminate such practices when discovered	Employment and Labor Forces – Labour Standards
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1 Number of suppliers by region	ESG Key Performance
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
B6 Product Responsibility	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management
	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Products and Services – Quality and Product Integrity Products and Services – Information Security and Privacy Protection Products and Services – Responsible Marketing
	B6.1 Percentage of total sold or shipped products as recalled for safety and health reasons	ESG Key Performance
	B6.2 Number of products and service related complaints received and how they are dealt with	Products and Services – Customer Services ESG Key Performance
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Products and Services – Intellectual Property Protection
	B6.4 Description of quality assurance process and recall procedures	Products and Services – Quality and Product Integrity
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Products and Services – Information Security and Privacy Protection

Part C: “Comply or Explain” Provisions		
Aspects	Disclosures Requirements	Index
B7 Anti-corruption	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption and Anti-money Laundering
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	ESG Key Performance
	B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Anti-corruption and Anti-money Laundering
	B7.3 Description of anti-corruption training provided to directors and staff	Anti-corruption and Anti-money Laundering
B8 Community Investment	General Disclosure: Policies on community participation to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests.	Community Participation
	B8.1 Focus areas of contribution (Such as education, environment issues, labour needs, health, culture, sports, etc.)	Community Participation
	B8.2 Resources contributed (e.g. money or time) to the focus area	Community Participation ESG Key Performance

Part D: Climate-related Disclosures				
Disclosure requirements				Index
Governance	Governance	19.	An issuer shall disclose information about: - The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. - Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Addressing Climate Change – Governance (Climate-related considerations are not yet incorporated into the remuneration policy)
	Strategy	20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: - describe climate-related risks and opportunities that could reasonably be expected to affect cash flows, its access to finance or cost of capital over the short, medium or long term; - explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; - specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and - explain how the issuer defines short term, medium term and long term and these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Addressing Climate Change – Strategy
	Business model and value chain	21.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: - a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and - a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Addressing Climate Change – Strategy

Part D: Climate-related Disclosures			
Disclosure requirements			Index
Strategy and decision-making	22.	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Addressing Climate Change – Strategy
	a.	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation;	
	b.	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
	23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Addressing Climate Change – Strategy
Financial position, financial performance and cash flows	Current financial effect		Addressing Climate Change – Strategy
	24.	An issuer shall disclose qualitative and quantitative information about:	The measurement methods used to assess the current financial impacts of climate-related risks or opportunities are subject to uncertainty, rendering any estimated quantitative information non-referential, and the comprehensive financial quantitative data is also not meaningful for reference purposes.
	a.	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the Reporting Period; and	
	b.	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next reporting year to the carrying amounts of assets and liabilities reported in the related financial statements.	
	Anticipated financial effect		Addressing Climate Change – Strategy
	25.	The issuer shall provide qualitative and quantitative disclosures about:	As the existing skills, capabilities and resources are not yet mature, the anticipated financial impacts have not been quantified at this stage.
	a.	how the issuer expects its financial performance to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
		(i) its investment and disposal plans; and	
		(ii) its planned sources of funding to implement its strategy; and	
	b.	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Part D: Climate-related Disclosures				Index
Disclosure requirements				
	Climate resilience	26.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: a. the issuer's assessment of its climate resilience as of the reporting date; b. how and when the climate-related scenario analysis was carried out.	As the existing skills, capabilities and resources are not yet mature, a comprehensive climate scenario analysis has not been conducted at this stage.
Risk Management	Risk management	27.	An issuer shall disclose information about: a. the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks; b. the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and c. the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Addressing Climate Change – Risk Management

Part D: Climate-related Disclosures				Index	
Disclosure requirements					
Metrics and Targets	Greenhouse gas emissions	28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the Reporting Period, expressed as metric tonnes of CO ₂ equivalent, classified as: a. Scope 1 greenhouse gas emissions; b. Scope 2 greenhouse gas emissions; and c. Scope 3 greenhouse gas emission.	Addressing Climate Change – Metrics and Targets ESG Key Performance	
		29.	An issuer shall: a. measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; b. disclose the approach it uses to measure its greenhouse gas emissions; c. for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and d. for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Addressing Climate Change – Metrics and Targets ESG Key Performance	
	Climate-related transition risks	30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Due to the lack of reasonable and supportable information, the amount and percentage for this indicator have not been defined.	
	Climate-related physical risks	31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Due to the lack of reasonable and supportable information, the amount and percentage for this indicator have not been defined.	

Part D: Climate-related Disclosures			
Disclosure requirements			Index
Climate-related opportunities	32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Due to the lack of reasonable and supportable information, the amount and percentage for this indicator have not been defined.
Capital deployment	33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Due to the lack of reasonable and supportable information, the amount and percentage for this indicator have not been defined.
Internal carbon prices	34.	An issuer shall disclose: a. an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and b. the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	The Company does not apply carbon pricing in decision-making.
Remuneration	35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Climate-related considerations are not yet incorporated into the remuneration policy.
Industry-based metrics	36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	No industry-specific indicators are applicable to the Company.

Part D: Climate-related Disclosures		
Disclosure requirements		Index
Climate-related targets	37. An issuer shall disclose (a) the quantitative and qualitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals, and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: a. the metric used to set the target; b. the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); c. the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); d. the period over which the target applies; e. the base period from which progress is measured; g. if the target is quantitative, whether the target is an absolute target or an intensity target; and h. how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Due to the lack of stable and predictable quantitative data as the basis for decision-making reference, no clear climate-related targets have been set yet.
	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: a. whether the target and the methodology for setting the target has been validated by a third party; b. the issuer's processes for reviewing the target; c. the metrics used to monitor progress towards reaching the target; and d. any revisions to the target and an explanation for those revisions.	Due to the lack of stable and predictable quantitative data as the basis for decision-making reference, no clear climate-related targets have been set yet.
	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Due to the lack of stable and predictable quantitative data as the basis for decision-making reference, no clear climate-related targets have been set yet.

Part D: Climate-related Disclosures		
Disclosure requirements		Index
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: a. which greenhouse gases are covered by the target; b. whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; c. whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; d. whether the target was derived using a sectoral decarbonisation approach; and e. the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.	Due to the lack of stable and predictable quantitative data as the basis for decision-making reference, no clear climate-related targets have been set yet.



ASSURANCE STATEMENT

REPORT ON SUSTAINABILITY ACTIVITIES IN THE LAOPU GOLD CO., LTD.'S ESG REPORT FOR 2025

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC Standards Technical Services Co., Ltd. (hereinafter referred to as SGS-CSTC) was commissioned by Laopu Gold Co., Ltd. (hereinafter referred to as Laopu Gold) to conduct an independent assurance on the partial sustainability performance information included in the Laopu Gold's ESG Report for 2025 (Chinese version) for the period of January 1, 2025 to December 31, 2025.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Laopu Gold's Stakeholders.

RESPONSIBILITIES

The sustainability information in the ESG Report for 2025 and its presentation are the responsibility of Laopu Gold's ESG governing body and the management. SGS-CSTC has not been involved in the preparation of any of the material included in the Laopu Gold's ESG Report for 2025.

Our responsibility is to express an opinion on the sustainability performance information within the scope of assurance based upon sufficient and appropriate objective evidence.

SGS-CSTC hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS Group ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the ISAE 3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard	Level of Assurance
ISAE 3000	Limited

SCOPE OF ASSURANCE

This assurance engagement is confined to verifying the accuracy and reliability of the following sustainability performance information from the ESG Key Performance Table of Laopu Gold's ESG Report for 2025.

Categories	Indicators
Emissions	Total hazardous waste
	Total non-hazardous waste
Energy and Resources Consumption	Comprehensive energy consumption
	Direct energy consumption
	Gasoline consumption
	Diesel consumption
	Liquefied petroleum gas consumption
	Natural gas consumption
	Indirect energy consumption
	Purchased electricity
	Total water consumption
	Packaging materials used

Greenhouse Gas Emissions	Total greenhouse gas emissions (Scope 1 and 2) Direct greenhouse gas emissions (Scope 1) Indirect greenhouse gas emissions (Scope 2) Indirect greenhouse gas emissions (Scope 3) - employee travel
Air Emissions	Particulate matter emissions Non-methane hydrocarbon emissions
Employment	Total number of employees Total number of employees by gender Total number of employees by employment category Total number of employees by age group Total number of employees by region Employee turnover rate Employee turnover rate by gender Employee turnover rate by age group Employee turnover rate by region
Health and Safety	Number of work-related fatalities Rate of work-related fatalities Number of work-related injury Lost days due to work-related injury
Development and Training	Proportion of trained employees Percentage of trained employees by gender Percentage of trained employees by level Average training hours per employee Average training hours completed per employee by gender Average training hours completed per employee by level
Supply Chain Management	Number of suppliers Number of suppliers by region
Anti-corruption and Anti-money Laundering	Anti-corruption-triggered litigation cases Anti-money laundering penalty cases
Community Participation	Public welfare donation

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees on-site at 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang'an Avenue, Dongcheng District, Beijing City, P.R. China, including documentation and record review and validation where relevant.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LIMITATIONS AND MITIGATION

Data drawn directly from independently audited financial accounts and intensity data calculated based on financial data has not been checked back to source as part of this assurance process.

The greenhouse gas emissions related data in the Laopu Gold's ESG Report for 2025 was calculated by Laopu Gold. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

SGS

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. As an affiliate of SGS Group, SGS-CSTC affirm our independence from Laopu Gold, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance engagement performed, no inaccuracies or reliability issues were identified within the scope of the sustainability performance information covered by the Laopu Gold's ESG Report for 2025.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Haidian District, Beijing, P.R. China

Apr. 10th, 2026

WWW.SGS.COM



CN26/00002453

Independent Auditor's Report



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Quarry Bay, Hong Kong

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To the shareholders of Laopu Gold Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Laopu Gold Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 105 to 172, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Revenue for the year ended December 31, 2025 amounted to RMB27,303 million. The revenue was primarily generated from the sales of gold jewelry. Revenue was significant to the consolidated financial statements as a whole. Besides, revenue is one of the performance indicators of the Group, and there is an inherent risk of management manipulating revenue recognition to achieve expected performance and meet earnings expectations among investors. Based on these factors, we identified revenue recognition as a key audit matter. Relevant disclosures are included in note 2.4 "MATERIAL ACCOUNTING POLICIES", note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES" and note 5 "REVENUE, OTHER INCOME AND GAINS" to the financial statements.	Our audit procedures in relation to the assessment of revenue recognition included the following: (i) Obtaining an understanding of the Group's revenue recognition process, evaluating and testing the key internal controls in relation to revenue recognition; (ii) Evaluating the appropriateness of accounting policies for revenue recognition by interviewing the management to obtain an understanding of the terms of sales documents and evaluating the transfer of significant risks and rewards; (iii) Performing analysis procedures on revenue and gross margin by product, channel, month and sales trend to check whether there were abnormal fluctuations; (iv) Performing test of details on a sample basis by checking delivery notes, bank slips, logistics records, etc.; (v) Obtaining an understanding of the Group's settlement methods with shopping malls and obtaining external confirmations on a sample basis to check the sales amount during the year and the balance of trade receivables at the end of the reporting period and also checked the subsequent settlement; (vi) Performing cut-off testing on a sample basis by examining sales transactions on and around the balance sheet date to evaluate whether that revenue was recognised in the appropriate accounting periods; and (vii) Evaluating whether revenue was properly presented and disclosed in the financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Existence and valuation of inventories</i> The carrying value of inventories of the Group was RMB16,044 million as at December 31, 2025. Inventories of the Group mainly comprised gold jewelry. Valuation of inventories was stated at the lower of cost and net realisable value. A significant portion of inventory cost includes cost of gold and gemstones, which are subject to the risk of changes in market value. The assessment of net realisable value of inventories was based on significant estimates and judgements made by management in respect of, amongst others, the economic conditions, marketability of products and the forecast market price of gold and gemstones used to make the gold jewelry products. Based on these factors, we identified the existence and valuation of inventories as a key audit matter. Relevant disclosures are included in note 2.4 "MATERIAL ACCOUNTING POLICIES", note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES" and note 16 "INVENTORIES" to the financial statements.	Our audit procedures in relation to the assessment of existence and valuation of inventories included the following: (i) Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to the inventory existence and valuation; (ii) Obtaining the Group's cycle physical counts and evaluating the rationality of the counting plan with the management; attending the annual physical inventory count at the year end date and performing sample count procedures; (iii) Reviewing the authenticity of the products on a sample basis by checking the testing result of the testing institution; (iv) Reviewing the reasonableness of the purchase prices of selected key product types by performing analysis on gold prices, diamond prices with market trends; (v) Obtaining the purchase details of raw materials and outsourcing processing during the year, checking the completeness and whether the purchase orders, invoices, delivery receipts and bank slips were consistent with the journal entries on a sample basis; (vi) Reviewing the basis adopted by the Group for its inventory provision policy and evaluating whether the inventory provision was made in accordance with the policy; and assessing the inventory provision by comparing net the realisable values to the costs; and (vii) Reviewing whether inventories were properly presented and disclosed in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho (practising certificate number: P07045).

Ernst & Young
Certified Public Accountants
Hong Kong
March 23, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	27,303,184	8,505,560
Cost of sales		(17,029,455)	(5,004,340)
Gross profit		10,273,729	3,501,220
Other income and gains	5	10,292	20,831
Selling and distribution expenses		(3,156,312)	(1,236,743)
Administrative expenses		(543,107)	(272,235)
Research and development expenses		(24,929)	(19,163)
Other expenses		(36,666)	(16,929)
Finance costs	6	(139,033)	(30,434)
PROFIT BEFORE TAX	7	6,383,974	1,946,547
Income tax expense	10	(1,516,038)	(473,441)
PROFIT FOR THE YEAR		4,867,936	1,473,106
Attributable to owners of the parent		4,867,936	1,473,106
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic earnings per share (RMB)	12	28.35	9.47
Diluted earnings per share (RMB)	12	28.25	9.47
PROFIT FOR THE YEAR		4,867,936	1,473,106
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		(28,315)	6,633
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		(28,315)	6,633
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,839,621	1,479,739
Attributable to owners of the parent		4,839,621	1,479,739

Consolidated Statement of Financial Position

December 31, 2025

	Notes	December 31, 2025 RMB'000	December 31, 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	175,411	112,656
Right-of-use assets	14(a)	386,139	302,219
Other intangible assets	15	12,875	3,123
Prepayments, deposits and other assets	18	73,677	64,046
Deferred tax assets	24	54,943	21,432
Total non-current assets		703,045	503,476
CURRENT ASSETS			
Inventories	16	16,044,447	4,087,849
Trade receivables	17	1,280,227	801,216
Prepayments, deposits and other assets	18	1,156,695	211,567
Cash and bank balances	19	2,068,109	732,650
Total current assets		20,549,478	5,833,282
CURRENT LIABILITIES			
Trade payables	20	635,906	228,197
Other payables and accruals	21	2,520,165	369,935
Interest-bearing bank and other borrowings	23	6,164,185	1,373,461
Contract liabilities	22	16,621	9,894
Lease liabilities	14(b)	228,050	152,786
Tax payable		315,257	114,293
Total current liabilities		9,880,184	2,248,566
NET CURRENT ASSETS		10,669,294	3,584,716
TOTAL ASSETS LESS CURRENT LIABILITIES		11,372,339	4,088,192

Consolidated Statement of Financial Position
December 31, 2025

	Notes	December 31, 2025 RMB'000	December 31, 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	100,092	–
Deferred income	25	690	920
Other payables and accruals	21	4,013	3,123
Lease liabilities	14(b)	172,398	163,826
Total non-current liabilities		277,193	167,869
Net assets		11,095,146	3,920,323
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	176,389	168,367
Reserves	28	10,918,757	3,751,956
Total equity		11,095,146	3,920,323

Xu Gaoming
Director

Xu Rui
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2025

	Share capital RMB'000 (note 26)	Share premium* RMB'000 (note 28)	Share-based payment reserve* RMB'000 (note 28)	Exchange fluctuation reserve* RMB'000 (note 28)	Statutory surplus reserve* RMB'000 (note 28)	Retained profits* RMB'000	Total equity RMB'000
At January 1, 2025	168,367	1,470,766	48,880	8,274	84,183	2,139,853	3,920,323
Profit for the year	–	–	–	–	–	4,867,936	4,867,936
Other comprehensive loss for the year:							
Exchange differences on translation of the Company's financial statements	–	–	–	(28,315)	–	–	(28,315)
Total comprehensive income for the year	–	–	–	(28,315)	–	4,867,936	4,839,621
Issuance of ordinary shares	8,022	4,969,787	–	–	–	–	4,977,809
Share issue expenses	–	(26,989)	–	–	–	–	(26,989)
Transfer from retained profits	–	–	–	–	4,012	(4,012)	–
Dividends declared	–	–	–	–	–	(2,788,063)	(2,788,063)
Transfer of vested shares under stock incentive plan	–	22,839	(22,839)	–	–	–	–
Share-based payments	–	–	172,445	–	–	–	172,445
At December 31, 2025	176,389	6,436,403	198,486	(20,041)	88,195	4,215,714	11,095,146

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

* These reserve accounts comprise the consolidated reserves of RMB10,918,757,000 (2024: RMB3,751,956,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,383,974	1,946,547
Adjustments for:			
Interest income	5	(3,824)	(2,675)
Finance costs	6	139,033	30,434
Loss on disposal of property, plant and equipment and other assets		727	3,849
Impairment of trade receivables	17	23,186	6,028
Impairment of prepayments, deposits and other assets	18	2,203	425
Write-down of inventories to net realisable value	16	1,364	530
Depreciation of property, plant and equipment	13	78,821	41,488
Depreciation of right-of-use assets	14(a)	222,365	136,671
Amortisation of other intangible assets and other assets		38,028	3,184
Government grants released	25	(230)	(230)
Equity-settled share-based payments	27	161,392	28,626
		7,047,039	2,194,877
Increase in inventories		(11,977,735)	(2,812,466)
Increase in trade receivables		(502,818)	(430,645)
Increase in prepayments, deposits and other receivables		(970,966)	(156,091)
Increase in trade payables		436,597	167,603
Increase in other payables and accruals		455,755	211,578
Increase/(decrease) in contract liabilities		6,739	(17,876)
Cash generated from operations		(5,505,389)	(843,020)
Interest received		3,824	2,675
Income tax paid		(1,346,633)	(388,127)
Net cash flows used in operating activities		(6,848,198)	(1,228,472)

Consolidated Statement of Cash Flows
Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and other assets		(145,128)	(70,919)
Net cash flows used in investing activities		(145,128)	(70,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of ordinary shares		4,977,809	950,968
Share issue expenses		(26,358)	(55,400)
Dividends paid		(1,096,497)	–
Placement of restricted deposits		(150,000)	–
New bank and other borrowings		6,938,451	1,485,000
Repayment of bank and other borrowings		(2,045,000)	(229,000)
Cash received from lease deposits		–	566
Payment for lease deposits		(33,195)	(15,112)
Payments for lease liabilities	14(b)	(234,467)	(150,812)
Interest paid		(119,921)	(25,904)
Net cash flows from financing activities		8,210,822	1,960,306
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		732,650	69,838
Effect of foreign exchange rate changes, net		(32,037)	1,897
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	1,918,109	732,650
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	19	1,918,109	732,650

Notes to the Consolidated Financial Statements

December 31, 2025

1. CORPORATE AND GROUP INFORMATION

Laopu Gold Co., Ltd. (the “Company”) is a company limited by shares established in the People’s Republic of China (“PRC”). The registered office of the Company is located at Rooms 3-6, 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang’an Avenue, Dongcheng District, Beijing, PRC. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since June 28, 2024.

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

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yueyang Laopu Gold Filigree Handcraft Co., Ltd. 岳陽老鋪黃金花絲工藝有限公司* (note a)	PRC/Chinese mainland, March 28, 2018	RMB100,000,000	100%	–	Manufacture and sale of gold jewelry
LAO PU (HONG KONG) Co., Ltd. 老鋪黃金(香港)有限公司 (note b)	Hong Kong, January 2, 2018	HK\$650,000,000	100%	–	Sale of gold jewelry
LAO PU GOLD (MACAU) Co., Ltd. 老鋪黃金(澳門)一人有限公司 (note a)	Macau, September 17, 2019	MOP5,000,000	–	100%	Sale of gold jewelry
LAO PU GOLD SINGAPORE Pte. Ltd. 老鋪黃金新加坡私人有限公司 (note a)	Singapore, December 17, 2024	SGD10,000,000	–	100%	Sale of gold jewelry
Lao Pu Gold Japan Kabushiki Kaisha 老鋪黃金日本株式會社 (note c)	Japan, October 1, 2025	JPY6,000,000	–	100%	Sale of gold jewelry

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

Notes:

- No audited financial statements have been prepared for these entities for the years ended December 31, 2024 and 2025.
- The statutory financial statements of the entity for the year ended December 31, 2024 were audited by Ernst & Young, Certified Public Accountants, Hong Kong.
- No audited financial statements have been prepared as the entity was newly established in 2025.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The adoption of the above amended IFRS Accounting Standard had no significant financial effect on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments in subsidiaries

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

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

Related parties

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

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

or

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

Property, plant and equipment and depreciation

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

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

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

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

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

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

Other intangible assets (other than goodwill)

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

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

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

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

Research and development costs

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

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

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

(b) Lease liabilities

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

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Other income

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

Contract liabilities

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

Share-based payments

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

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

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

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

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

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

Other employee benefits

Pension schemes

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

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

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

Borrowing costs

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

Events after the reporting period

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

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 financial statements. 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

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

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

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

The functional currencies of certain subsidiaries operating outside the 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 weighted average exchange rates for the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Identification of a customer and gross versus net revenue recognition

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

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

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

Recognition of income taxes and deferred tax assets

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

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

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

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

Provision for expected credit losses on other financial assets

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

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

Net realisable value of inventories

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

Impairment of long term non-financial assets (other than goodwill)

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

Accrual of restoration obligation

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

Share-based payment

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

Deferred tax assets

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

Leases – Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical markets based on locations of the boutiques. Revenue by geographical segment based on the locations of the boutiques for the reporting period is presented as follows:

	2025 RMB'000	2024 RMB'000
Chinese mainland	23,361,306	7,650,528
Overseas	3,941,878	855,032
Total	27,303,184	8,505,560

(b) Non-current assets

Information about the Group's non-current assets by geographical location is presented below:

	2025 RMB'000	2024 RMB'000
Chinese mainland	437,204	351,069
Overseas	210,898	130,975
Total	648,102	482,044

The non-current asset information above excludes deferred tax assets and mainly includes the right-of-use assets.

Information about major customers

No revenue from sales to a single external customer or a group of external customers under common control accounted for 10% or more of the Group's revenue for the years ended December 31, 2025 and 2024.

5. REVENUE, OTHER INCOME AND GAINS

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

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sales of goods	27,296,077	8,504,554
Maintenance and repair services (including repairment materials)	7,107	1,006
Total	27,303,184	8,505,560
Geographical markets		
Chinese mainland	23,361,306	7,650,528
Overseas	3,941,878	855,032
Total	27,303,184	8,505,560
Timing of revenue recognition		
Goods transferred at a point in time	27,296,077	8,504,554
Service transferred at a point in time	7,107	1,006
Total	27,303,184	8,505,560
Types of products or services		
Gold jewelry	27,283,484	8,498,524
Others	19,700	7,036
Total	27,303,184	8,505,560

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

	2025 RMB'000	2024 RMB'000
Sales of goods	9,894	27,766

(b) Performance obligations

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

Sales of goods

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

Maintenance and repair services

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

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

Other income and gains

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	3,824	2,675
Government grants*	3,160	760
Others	750	359
Total other income	7,734	3,794
Gains		
Foreign exchange differences	648	16,551
Others	1,910	486
Total gains	2,558	17,037
Total other income and gains	10,292	20,831

- * The Group received government grants from local government authorities as incentives for retail sales growth exceeding the regional average during the year, and there are no unfulfilled conditions or contingencies in relation to the grants.

6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on Interest-bearing bank and other borrowings	123,271	15,585
Interest on lease liabilities	15,581	14,542
Others	181	307
Total	139,033	30,434

7. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		17,029,455	5,004,340
Depreciation of property, plant and equipment**	13	78,821	41,488
Depreciation of right-of-use assets**	14(a)	222,365	136,671
Amortisation of intangible assets and other assets		38,028	3,184
Lease payments not included in the measurement of lease liabilities	14(c)	1,763,452	552,558
Loss on disposal of property, plant and equipment and other assets***		727	3,849
Listing expenses****		—	17,705
Auditor's remuneration		3,113	3,113
Equity-settled share-based payments	27	161,392	28,626
Employee benefit expenses (excluding directors' and supervisors' remunerations in note 8):			
Wages and salaries		813,774	470,026
Pension scheme contributions (defined contribution schemes)		52,809	28,209
Impairment of trade receivables, net***	17	23,186	6,028
Impairment of prepayments, deposits and other assets, net***	18	2,203	425

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

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

*** The amounts are included in "Other expense" in profit or loss.

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

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

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

	2025 RMB'000	2024 RMB'000
Fees	1,800	1,084
Salaries, allowances and benefits in kind	19,531	15,502
Pension scheme contributions	425	430
Equity-settled share-based payments	472	441
Total	22,228	17,457

(a) Independent non-executive directors

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension Scheme contributions RMB'000	Share-based payment RMB'000	Total remuneration RMB'000
Year ended December 31, 2025					
Independent non-executive directors:					
Dr. He Yurun	600	–	–	–	600
Mr. Sun Yijun	600	–	–	–	600
Mr. SEE Tak Wah*	600	–	–	–	600
Total	1,800	–	–	–	1,800
Year ended December 31, 2024					
Independent non-executive directors:					
Dr. He Yurun	420	–	–	–	420
Mr. Sun Yijun	420	–	–	–	420
Mr. SEE Tak Wah*	244	–	–	–	244
Total	1,084	–	–	–	1,084

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

There were no other emoluments payable to the non-executive directors during the year (2024: Nil).

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension Scheme contributions RMB'000	Share-based payment RMB'000	Total remuneration RMB'000
Year ended December 31, 2025					
Executive directors:					
Mr. Xu Gaoming (<i>Chief executive</i>)	–	7,718	4	–	7,722
Mr. Feng Jianjun	–	2,417	69	65	2,551
Mr. Xu Rui	–	4,595	73	60	4,728
Mr. Jiang Xia*	–	1,551	72	64	1,687
Total	–	16,281	218	189	16,688
Year ended December 31, 2024					
Executive directors:					
Mr. Xu Gaoming (<i>Chief executive</i>)	–	4,704	66	–	4,770
Mr. Feng Jianjun	–	2,214	66	65	2,345
Mr. Xu Rui	–	3,433	66	60	3,559
Mr. Jiang Xia*	–	978	34	33	1,045
Total	–	11,329	232	158	11,719

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

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

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

(c) Supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension Scheme contributions RMB'000	Share-based payment RMB'000	Total remuneration RMB'000
Year ended December 31, 2025					
Ms. Peng Lihua	–	1,314	69	43	1,426
Ms. Xiao Yanhui	–	1,062	69	48	1,179
Mr. Sui Wu	–	874	69	192	1,135
Total	–	3,250	207	283	3,740
Year ended December 31, 2024					
Ms. Peng Lihua	–	1,670	66	43	1,779
Ms. Xiao Yanhui	–	1,396	66	48	1,510
Mr. Sui Wu	–	1,107	66	192	1,365
Total	–	4,173	198	283	4,654

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any director (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2024: three) highest paid employees who are neither a director, chief executive nor a supervisor of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	11,903	13,703
Pension scheme contributions	220	132
Equity-settled share-based payments	50,826	90
Total	62,949	13,925

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

	2025	2024
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$9,500,001 to HK\$10,000,000	2	–
HK\$13,500,001 to HK\$14,000,000	1	–
HK\$14,000,001 to HK\$14,500,000	1	–
HK\$21,000,001 to HK\$21,500,000	1	–
Total	5	3

During the year and in prior years, restricted share units were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, non-chief executive and non-supervisor five highest paid employees' remuneration disclosures.

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

10. INCOME TAX

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

PRC Corporate Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the Company and subsidiaries which operate in the Chinese mainland were subject to CIT Law at a rate of 25% on the taxable profit during the reporting period.

Hong Kong Profits Tax

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

Macau Complementary Tax

Macau complementary tax was calculated at the maximum progressive rate of 12% on the estimated assessable profit during the reporting period.

Singapore Income Tax

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

Pillar Two

The Group has performed an assessment of the potential risk of Pillar Two income taxes. The assessment of potential exposure to Pillar Two income tax is based on the financial information for each of the Group's entities. Based on the assessment, for jurisdictions in which the Pillar Two legislation has been enacted or substantially enacted, the Group does not expect a material exposure to Pillar Two income taxes in these jurisdictions.

The income tax expenses for the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Current	1,549,607	482,330
Deferred (note 24)	(33,569)	(8,889)
Total	1,516,038	473,441

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

	2025 RMB'000	2024 RMB'000
Profit before tax	6,383,974	1,946,547
Tax at the statutory tax rate of 25%	1,595,994	486,637
Lower tax rate for specific provinces or enacted by local authority	(85,069)	(24,454)
Expenses not deductible for tax	346	3,129
Equity-settled share-based payments not deductible for tax	4,345	7,156
Adjustments in respect of current tax of previous years	785	1,615
Tax losses utilised from previous years	(363)	(1,005)
Deductible temporary difference and tax losses not recognised	–	363
Tax charge at the Group's effective rate	1,516,038	473,441

11. DIVIDENDS

During the reporting period, a final dividend for 2024 of RMB6.35 per share based on the number of issued shares as at May 29, 2025, totalling approximately RMB1,096 million was declared, which was fully paid in 2025 (2024: nil); in addition, an interim dividend for 2025 of RMB9.59 per share was declared based on the number of issued shares as at November 27, 2025, totalling approximately RMB1,692 million was declared, which was paid in 2026.

Subsequent to the end of the reporting period, the board recommended to declare a final dividend for 2025 of RMB11.95 per share. Such final dividend is still subject to the approval of the Company's shareholders at the 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 reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the reporting period, as adjusted to reflect the rights issue during the year.

The calculation of basic earnings per share is based on:

	2025 RMB'000	2024 RMB'000
Earnings: Profit attributable to ordinary equity holders of the parent	4,867,936	1,473,106

	Number of shares	
	2025	2024
Shares: Weighted average number of ordinary shares outstanding during the year	171,735,065	155,538,217

The awarded shares granted by the Group have potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the reporting period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share is based on:

	2025 RMB'000	2024 RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the parent for the calculation of diluted earnings per share:	4,867,936	1,473,106
	Number of shares	
	2025	2024
Shares:		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	171,735,065	155,538,217
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	588,255	–
Total	172,323,320	155,538,217

13. PROPERTY, PLANT AND EQUIPMENT

December 31, 2025

	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Devices and equipment RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Total RMB'000
At January 1, 2025						
Cost	161,585	49,118	8,028	3,604	10,598	232,933
Accumulated depreciation	(88,664)	(21,981)	(4,844)	(1,525)	(3,263)	(120,277)
Net carrying amount	72,921	27,137	3,184	2,079	7,335	112,656
At January 1, 2025, net of accumulated depreciation	72,921	27,137	3,184	2,079	7,335	112,656
Additions	103,484	30,959	6,955	–	4,481	145,879
Disposals	–	(756)	(25)	–	(47)	(828)
Depreciation provided during the year	(64,759)	(9,662)	(2,352)	(792)	(1,256)	(78,821)
Exchange realignment	(3,337)	(136)	(2)	–	–	(3,475)
At December 31, 2025, net of accumulated depreciation	108,309	47,542	7,760	1,287	10,513	175,411
At December 31, 2025						
Cost	244,946	77,771	14,869	3,603	14,994	356,183
Accumulated depreciation	(136,637)	(30,229)	(7,109)	(2,316)	(4,481)	(180,772)
Net carrying amount	108,309	47,542	7,760	1,287	10,513	175,411

Notes to the Consolidated Financial Statements
December 31, 2025

December 31, 2024

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

14. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

	Office premises and buildings RMB'000	Stores RMB'000	Total RMB'000
As at January 1, 2024	26,158	226,061	252,219
Additions	20,364	91,473	111,837
Depreciation charge	(15,508)	(121,163)	(136,671)
Revision of a lease term arising from a change in the non-cancellable period of a lease	4,294	69,143	73,437
Exchange realignment	27	1,370	1,397
As at December 31, 2024 and January 1, 2025	35,335	266,884	302,219
Additions	33,308	312,921	346,229
Depreciation charge	(23,674)	(198,691)	(222,365)
Revision of a lease term arising from a change in the non-cancellable period of a lease	3,195	(40,772)	(37,577)
Exchange realignment	(42)	(2,325)	(2,367)
As at December 31, 2025	48,122	338,017	386,139

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at beginning of the year	316,612	266,813
New leases	345,324	111,135
Accretion of interest recognised during the year	15,581	14,542
Revision of a lease term arising from a change in the non-cancellable period of a lease	(40,074)	73,436
Payments	(234,467)	(150,812)
Exchange realignment	(2,528)	1,498
Carrying amount at end of the year	400,448	316,612
Analysed into:		
Current portion	228,050	152,786
Non-current portion	172,398	163,826
	400,448	316,612

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

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	15,581	14,542
Depreciation charge of right-of-use assets	222,365	136,671
Expense relating to short-term leases	59,554	36,847
Variable lease payments not included in the measurement of lease liabilities	1,703,898	515,711
Total amount recognised in profit or loss	2,001,398	703,771

(d) Extension and termination options

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

(e) Variable lease payments

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

Year ended December 31, 2025

	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total <i>RMB'000</i>
Fixed rent	58,971	–	58,971
Variable rent with a minimum rental payment	235,051	1,703,898	1,938,949
Total	294,022	1,703,898	1,997,920

Year ended December 31, 2024

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

15. OTHER INTANGIBLE ASSETS

December 31, 2025

	Trademark RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025:				
Cost	1,267	5,097	2,326	8,690
Accumulated amortisation	(546)	(3,901)	(1,120)	(5,567)
Net carrying amount	721	1,196	1,206	3,123
At January 1, 2025, net of accumulated amortisation	721	1,196	1,206	3,123
Additions	243	10,838	650	11,731
Amortisation provided during the year	(148)	(1,418)	(219)	(1,785)
Exchange realignment	(1)	–	(193)	(194)
At December 31, 2025, net of accumulated amortisation	815	10,616	1,444	12,875
At December 31, 2025:				
Cost	1,509	15,935	2,783	20,227
Accumulated amortisation	(694)	(5,319)	(1,339)	(7,352)
Net carrying amount	815	10,616	1,444	12,875

December 31, 2024

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

16. INVENTORIES

	2025 RMB'000	2024 RMB'000
Finished goods	10,516,500	2,547,046
Raw materials	3,032,390	837,219
Work in progress	2,492,435	700,580
Goods in transit	3,122	3,004
Total	16,044,447	4,087,849

Write-down of inventories to net realisable value amounted to RMB1,364,000 for the year ended December 31, 2025 (2024: RMB530,000) and was included in "Cost of sales" during the reporting period.

17. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	1,314,195	812,001
Impairment, net	(33,968)	(10,785)
Total	1,280,227	801,216

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

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

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

	2025 RMB'000	2024 RMB'000
Within 1 month	581,814	643,547
1 to 2 months	80,418	73,703
2 to 3 months	154,496	49,881
Over 3 months	463,499	34,085
Total	1,280,227	801,216

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

	2025 RMB'000	2024 RMB'000
At beginning of the year	10,785	4,757
Impairment losses, net (<i>note 7</i>)	23,186	6,028
Exchange realignment	(3)	—*
At end of the year	33,968	10,785

* The amount of exchange realignment is less than RMB1,000.

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

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

At December 31, 2025

	Past due					Total
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	
Expected credit loss rate*	2.58%	2.58%	2.58%	2.58%	2.58%	2.58%
Gross carrying amount (RMB'000)	644,641	174,934	82,265	160,220	252,135	1,314,195
Expected credit losses (RMB'000)	16,662	4,522	2,126	4,141	6,517	33,968

At December 31, 2024

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

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

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

18. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Current		
Prepayments	337,453	36,495
Deposits	29,324	17,286
Other receivables	2,022	1,122
Tax recoverable	789,691	157,191
Subtotal	1,158,490	212,094
Impairment	(1,795)	(527)
Total	1,156,695	211,567
Non-current		
Deposits	69,835	51,865
Other assets	7,330	14,774
Subtotal	77,165	66,639
Impairment	(3,488)	(2,593)
Total	73,677	64,046

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

	2025 RMB'000	2024 RMB'000
At beginning of the year	3,120	2,668
Impairment loss, net (note 7)	2,203	425
Exchange realignment	(40)	27
At end of the year	5,283	3,120

19. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	1,918,109	732,650
Restricted deposits	150,000	–
Total	2,068,109	732,650
Denominated in:		
RMB	1,748,977	460,202
HK\$	202,126	261,555
MOP	88,472	10,893
SGD	28,534	–
Total	2,068,109	732,650

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.

The Group deposited RMB150,000,000 as a 12-month time deposit, which is also restricted for the issuance of a standby letter of credit (2024: Nil).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 1 month	635,775	204,607
1 to 2 months	42	17,862
2 to 3 months	–	3,701
Over 3 months	89	2,027
Total	635,906	228,197

Trade payables to third parties of the Company are non-interest-bearing. The trade payables to third parties are normally settled on credit terms of one to three months after the invoice date.

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

21. OTHER PAYABLES AND ACCRUALS

	Note	2025 RMB'000	2024 RMB'000
Current			
Deposits		73,500	14,020
Salary and welfare payables		170,756	111,431
Other payables		78,363	66,472
Accruals		315,002	94,555
Interest payable		572	391
Other tax payable		190,406	83,066
Dividends payable		1,691,566	–
Total		2,520,165	369,935
Non-current			
Provisions	(a)	4,013	3,123

- a) Non-current portion of other payables and accruals mainly represented provisions in relation to the projected restoration costs for boutiques.

22. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances received from customers	16,621	9,894

Contract liabilities include advances received to deliver goods. The advances are recognised as revenue at the time of delivery of goods.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
Current						
Bank loans – pledged	3.00	2026	139,851	–	–	–
Bank loans – unpledged	1.93-4.75	2026	6,024,334	2.93-5.00	2025	1,373,461
Subtotal			6,164,185			1,373,461
Non-current						
Bank loans – unpledged	3.00	2027	100,092	–	–	–
Total			6,264,277			1,373,461

The carrying amounts of bank and other borrowings at the end of the reporting period are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
HK\$	210,359	–
RMB	6,053,918	1,373,461
Total	6,264,277	1,373,461

Notes:

- (i) The Group's total facilities for bank and other borrowings amounted to RMB7,872,281,000 (2024: RMB1,750,000,000), of which RMB6,264,277,000 were utilised as at December 31, 2025 (as at December 31, 2024: RMB1,373,461,000).
- (ii) As at December 31, 2025, the Company pledged a time deposit of RMB150 million for the issuance of a standby letter of credit (as at December 31, 2024: nil).
- (iii) No bank borrowing of the Group was guaranteed and counter-guaranteed by related parties.
- (iv) No bank borrowing of the Group was guaranteed by a third party guarantee company.

24. DEFERRED TAX

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

Deferred tax assets

	Impairment provision of financial assets RMB'000	Impairment provision of inventories RMB'000	Lease liabilities RMB'000	Amortisation of intangible assets RMB'000	Accrued expenses RMB'000	Government grants RMB'000	Tax losses RMB'000	Internal transactions RMB'000	Total RMB'000
At January 1, 2024	1,703	451	49,787	149	297	288	426	7,394	60,495
Deferred tax credited/ (charged) to profit or loss during the year (note 10)	1,591	(160)	14,285	(50)	290	(58)	(426)	6,864	22,336
Exchange realignment	4	-	41	-	-	-	-	(2)	43
At December 31, 2024 and January 1, 2025	3,298	291	64,113	99	587	230	-	14,256	82,874
Deferred tax credited/ (charged) to profit or loss during the year (note 10)	6,378	44	3,399	(49)	121	(230)	-	27,279	36,942
Exchange realignment	(9)	-	(18)	-	-	-	-	(32)	(59)
At December 31, 2025	9,667	335	67,494	50	708	-	-	41,503	119,757

Deferred tax liabilities

	Right-of-use assets RMB'000
At January 1, 2024	47,957
Deferred tax charged to profit or loss during the year (note 10)	13,447
Exchange realignment	38
At December 31, 2024 and January 1, 2025	61,442
Deferred tax charged to profit or loss during the year (note 10)	3,388
Exchange realignment	(16)
At December 31, 2025	64,814

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:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	54,943	21,432

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

	2025 RMB'000	2024 RMB'000
Tax losses	–	2,137
Total	–	2,137

The Group has accumulated tax losses of RMB2,137,000 in Singapore at December 31, 2024. The tax losses arising in Singapore are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arose. As at December 31, 2025, the Group had no unutilised tax losses in Singapore.

25. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	690	920
At beginning of year	920	1,150
Released to the statement of profit or loss during the year	(230)	(230)
At end of year	690	920

26. SHARE CAPITAL

	2025 RMB	2024 RMB
Authorised and fully paid: Ordinary shares with par value of RMB1.00 each	176,388,500	168,366,700

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

	Number of shares in issue	Share capital RMB
At January 1, 2024	142,642,500	142,642,500
Issuance of ordinary shares (<i>note a</i>)	25,724,200	25,724,200
At December 31, 2024 and January 1, 2025	168,366,700	168,366,700
Issuance of ordinary shares (<i>notes b and c</i>)	8,021,800	8,021,800
At December 31, 2025	176,388,500	176,388,500

Notes:

- (a) In connection with the IPO and the full exercise of the over-allotment option, 25,724,200 ordinary shares of a par value of RMB1.00 each were issued at a price of HK\$40.50 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of HK\$1,041,830,100.
- (b) In connection with the initial placing of new ordinary shares, 4,310,000 new ordinary shares have been successfully placed to not less than six placees at the placing price of HK\$630.00 per share with a total consideration, before deducting the underwriting fees and other expenses, of HK\$2,715,300,000.
- (c) In connection with the second placing of new ordinary shares, 3,711,800 new ordinary shares have been successfully placed to not less than six placees at the placing price of HK\$732.49 per share with a total consideration, before deducting the underwriting fees and other expenses, of approximately HK\$2,718,860,000.

27. SHARE-BASED PAYMENTS

From 2018 to 2023, the Group approved and adopted the stock incentive scheme (the “Stock Incentive Plan”) for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of Share Incentive Participants to the growth and development of the Group, and incentivize them to further promote the development of the Group.

In order to implement the Stock Incentive Plan, Beijing Jinbu Enterprise Management Consulting Partnership (Limited Partnership) (“Beijing Jinbu”), Beijing Jinji Enterprise Management Consulting Partnership (Limited Partnership) (“Beijing Jinji”), Beijing Jinyong Enterprise Management Consulting Partnership (Limited Partnership) (“Beijing Jinyong”) and Beijing Jinli Enterprise Management Consulting Partnership (Limited Partnership) (“Beijing Jinli”) were established and designated as stock incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On August 20, 2018, the Group awarded 13,420,000 restricted share units (“RSUs”) of the Group as aforementioned to 65 eligible employees at a subscribed price of RMB3.50. On April 23, 2019, the Group awarded 2,540,000 restricted share units of the Group as aforementioned to 68 eligible employees at a subscribed price of RMB4.00. On October 12, 2023, the Group granted 1,900,000 restricted share units of the Group to 56 eligible employees at a subscribed price of RMB7.90.

All of the RSUs granted to the Share Incentive Participants from 2018 to 2023 shall be subject to both a listing-based condition (the “IPO Condition”) and a service-based condition (the “Service Condition”). The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied that the employee should remain in service during the prescribed period and there were no performance related requirements.

The fair value of the RSUs granted was estimated as at the date of grant by reference to recent financing valuation of the Group or by an independent professionally qualified valuer.

On February 26, 2025, the Group adopted the stock incentive scheme. The Group will issue new H Shares, instruct the Trustee to purchase H Shares (either on-market or off-market), and/or transfer treasury Shares to the Trustee as underlying shares for the purpose of the RSU Scheme. The maximum total number of H Shares which may be issued in respect of all the Awarded Shares to be granted under the Scheme Mandate Limit approved at the EGM is 9,477,486 H Shares.

On February 26, 2025, the Group granted a total of 597,000 Awarded Shares to 27 employees in accordance with the terms of the RSU Scheme. On April 24, 2025, the Group granted a total of 120,000 Awarded Shares to 21 employees in accordance with the terms of the RSU Scheme.

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

All of the RSUs granted to the Share Incentive Participants in 2025 shall be subject to the performance targets condition (the "Performance Condition"). The Performance Condition would be satisfied when the Employee Participants' performance appraisal score in the preceding financial year before the vesting of Awarded Shares shall be "excellent".

The fair value of the RSUs granted was at the closing price of H Shares on the grant date.

Share-based payment expenses recognised amounted to RMB161,392,000 by the Group during the year (2024: RMB28,626,000).

The following RSUs were outstanding under the Stock Incentive Plan during the reporting period:

	2025 Number of RSUs '000	2024 Number of RSUs '000
At the beginning of the year	11,240	17,020
Granted during the year	717	–
Vested during the year	(230)	(5,780)
At the end of the year	11,727	11,240

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity.

Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed and the capital contribution from Controlling Shareholder.

Share-based payment reserve

The Group's share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards details of the movements are set out in the consolidated statements of changes in equity.

Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC, when distributing the net profit of each year, the Group shall set aside 10% of its profit after income tax (based on the PRC statutory financial statements and after offsetting accumulated losses from prior years) for the statutory surplus reserve fund (except where there serve balance has reached 50% of the paid-in capital), and 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.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences due to the translation of the financial statements of group companies whose functional currencies are different from the Group's presentation currency.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions, revision to right-of-use assets of RMB308,652,000 (2024: RMB185,274,000), in respect of lease arrangements for office premises and buildings and stores.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At January 1, 2024	127,754	266,813
Changes from financing cash flows	1,230,122	(150,812)
Interest expenses	15,585	14,542
New leases	–	111,135
Revision of non-cancellable a lease term arising from a change in the period of a lease	–	73,436
Effect of foreign exchange rate changes, net	–	1,498
At December 31, 2024 and January 1, 2025	1,373,461	316,612
Changes from financing cash flows	4,773,530	(234,467)
Interest expenses	123,271	15,581
New leases	–	345,324
Revision of non-cancellable a lease term arising from a change in the period of a lease	–	(40,074)
Effect of foreign exchange rate changes, net	(5,985)	(2,528)
At December 31, 2025	6,264,277	400,448

(c) Total cash outflows for leases

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

	2025 RMB'000	2024 RMB'000
With operating activities	1,763,452	552,558
With financing activities	234,467	150,812
Total	1,997,919	703,370

30. CONTINGENT LIABILITIES

At the end of the reporting year, the Group did not have any significant contingent liabilities.

31. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank loans and other borrowings, which are secured by the assets of the Group, are included in notes 19 and 23 to the financial statements.

32. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for leasehold improvements	63,133	3,632

33. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Sales of goods to related parties:

The Group had no significant transactions with any related party during the year.

(b) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group had no outstanding balances with any related party at December 31, 2025 and 2024.

(c) The guarantee from related parties

No related party of the Group has provided guarantees in connection with interest-bearing bank borrowings as at December 31, 2025 and December 31, 2024.

(d) Compensation of key management personnel of the Group

Details of the compensation of key management personnel of the Group are disclosed as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	35,686	22,324
Pension scheme contributions	689	568
Equity-settled share-based payments	17,778	525
Total	54,153	23,417

34. FINANCIAL INSTRUMENTS BY CATEGORY

Both the financial assets and liabilities of the Group as at the end of the reporting period were measured at amortised cost and their carrying amounts are as follows:

Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost		
Trade receivables	1,280,227	801,216
Financial assets included in prepayments, deposits and other receivables	95,898	67,153
Cash and bank balances	2,068,109	732,650
Total	3,444,234	1,601,019

Financial liabilities

	2025 RMB'000	2024 RMB'000
Financial liabilities at amortised cost		
Trade payables	635,906	228,197
Financial liabilities included in other payables and accruals	2,159,003	175,438
Lease liabilities	400,448	316,612
Interest-bearing bank and other borrowings	6,264,277	1,373,461
Total	9,459,634	2,093,708

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the financial assets and liabilities are included in the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sales.

The fair values of financial assets included in prepayments, deposits and other receivables (non-current), financial liabilities included in other payables and accruals (non-current) and non-current portion of interest-bearing bank and other 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 values as a result of the Group's own non-performance risk for financial assets included in prepayments, deposits and other receivables (non-current), financial liabilities included in other payables and accruals (non-current) and non-current portion of interest-bearing bank and other borrowings as at December 31, 2025 and 2024 were assessed to be insignificant.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The chief financial officer reports directly to the board of directors of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as the customer bases of the Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2025

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	1,314,195	1,314,195
Financial assets included in prepayments, deposits and other assets			
– Normal**	101,181	–	101,181
Cash and bank balances			
– Not yet past due	2,068,109	–	2,068,109
Total	2,169,290	1,314,195	3,483,485

As at December 31, 2024

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	812,001	812,001
Financial assets included in prepayments, deposits and other assets			
– Normal**	70,273	–	70,273
Cash and bank balances			
– Not yet past due	732,650	–	732,650
Total	802,923	812,001	1,614,924

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 17 to the financial statements.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

Liquidity risk

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

The Group aims to utilise interest-bearing bank and other borrowings and lease liabilities to maintain the balance between the consistency and flexibility of financing activities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At December 31, 2025

	On demand RMB'000	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade payables	–	635,906	–	–	–	–	635,906
Financial liabilities included in other payables and accruals	–	2,159,003	–	–	–	–	2,159,003
Lease liabilities	–	237,994	138,532	30,703	4,066	2,969	414,264
Interest-bearing bank and other borrowings	–	6,240,494	102,821	–	–	–	6,343,315
Total	–	9,273,397	241,353	30,703	4,066	2,969	9,552,488

At December 31, 2024

	On demand RMB'000	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to five years RMB'000	Over five years RMB'000	Total RMB'000
Trade payables	–	228,197	–	–	–	–	228,197
Financial liabilities included in other payables and accruals	–	175,438	–	–	–	–	175,438
Lease liabilities	–	164,839	114,144	46,124	9,589	–	334,696
Interest-bearing bank and other borrowings	–	1,409,415	–	–	–	–	1,409,415
Total	–	1,977,889	114,144	46,124	9,589	–	2,147,746

Foreign currency risk

The management believes the exchange risk of foreign currency is not significant as the majority of business transactions occur in the Chinese mainland and all domestic transactions are denominated in RMB.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a debt ratio, which is total liabilities divided by total assets. The debt ratios at the end of each of the reporting year are as follows:

	2025 RMB'000	2024 RMB'000
Total assets	21,252,523	6,336,758
Total liabilities	10,157,377	2,416,435
Debt ratio	48%	38%

37. EVENTS AFTER THE REPORTING PERIOD

RSU Scheme

On January 29, 2026, the Company issued 356,000 new H Shares pursuant to the Awarded Shares granted under the RSU Scheme and, with the fulfilment of vesting conditions, proposed to be vested. The registered capital and total number of shares of the Company have been changed to RMB176,744,500 and 176,744,500 shares, respectively. To reflect such changes in the registered capital and total share capital of the Company, the Board has made corresponding amendments to the Articles of Association.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	749,311	336,021
Property, plant and equipment	96,188	50,770
Right-of-use assets	245,013	229,469
Other intangible assets	12,355	2,638
Deferred tax assets	12,755	6,419
Prepayments, deposits and other assets	42,015	33,315
Total non-current assets	1,157,637	658,632
CURRENT ASSETS		
Inventories	12,418,539	3,453,982
Trade receivables	1,243,538	788,021
Amounts due from subsidiaries	1,619,337	26,898
Prepayments, deposits and other assets	1,056,614	189,578
Cash and bank balances	1,731,509	662,860
Total current assets	18,069,537	5,121,339
CURRENT LIABILITIES		
Trade payables	583,849	106,069
Amounts due to subsidiaries	35,816	4,004
Other payables and accruals	2,282,484	250,884
Interest-bearing bank and other borrowings	5,745,423	1,363,461
Contract liabilities	15,923	9,691
Lease liabilities	141,792	111,445
Tax payable	178,109	139,912
Total current liabilities	8,983,396	1,985,466
NET CURRENT ASSETS	9,086,141	3,135,873
TOTAL ASSETS LESS CURRENT LIABILITIES	10,243,778	3,794,505

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	100,092	–
Other payables and accruals	3,549	2,886
Lease liabilities	109,304	128,384
Total non-current liabilities	212,945	131,270
Net assets	10,030,833	3,663,235
EQUITY		
Equity attributable to owners of the Company		
Share capital	176,389	168,367
Reserves	9,854,444	3,494,868
Total equity	10,030,833	3,663,235

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share- based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2024	599,948	20,254	76,061	618,993	1,315,256
Profit for the year	–	–	–	1,280,168	1,280,168
Issuance of ordinary shares	925,244	–	–	–	925,244
Share issue expenses	(54,426)	–	–	–	(54,426)
Transfer from retained profits	–	–	8,122	(8,122)	–
Share-based payments	–	28,626	–	–	28,626
At December 31, 2024	1,470,766	48,880	84,183	1,891,039	3,494,868
At January 1, 2025	1,470,766	48,880	84,183	1,891,039	3,494,868
Profit for the year	–	–	–	4,032,396	4,032,396
Issuance of ordinary shares	4,969,787	–	–	–	4,969,787
Share issue expenses	(26,989)	–	–	–	(26,989)
Transfer from retained profits	–	–	4,012	(4,012)	–
Dividends declared	–	–	–	(2,788,063)	(2,788,063)
Transfer of vested shares under stock incentive plan	22,498	(22,498)	–	–	–
Share-based payments	–	172,445	–	–	172,445
At December 31, 2025	6,436,062	198,827	88,195	3,131,360	9,854,444

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 23, 2026.