The following is the text of a report set out on pages I-1 to I-[85], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MOKINGRAN JEWELLERY GROUP CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Mokingran Jewellery Group Co., Ltd. (夢金園黃金珠寶集團股份有限公司, the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[3] to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 and June 30, 2024, the statements of financial position of the Company as at December 31, 2021, 2022 and 2023 and June 30, 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2023 and the six months ended June 30, 2024 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[3] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] 2024 (the "**Document**") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2021, 2022 and 2023 and June 30, 2024, of the Company's financial position as at December 31, 2021, 2022 and 2023 and June 30, 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises 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 six months ended June 30, 2023 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 17 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,			For the six months ended June 30,	
		2021	2022	2023	2023	2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	6	16,871,000	15,724,215	20,208,599	9,316,213	9,979,744
Cost of sales		(16,334,559)	(14,964,967)	(19,131,139)	(8,788,177)	(9,362,238)
Gross profit		536,441	759,248	1,077,460	528,036	617,506
Other income	7	27,430	28,401	27,773	7,502	10,648
Distribution and selling expenses		(176,794)	(194,473)	(257,328)	(128,337)	(118,939)
Research and development expenses		(10,723)	(13,533)	(17,470)	(7,442)	(11,258)
Administrative expenses		(75,947)	(68,275)	(79,770)	(33,521)	(40,471)
Other expenses	8	(17,014)	(11,465)	(8,499)	(4,997)	(2,098)
Other gains and losses, net	9	89,839	(208,961)	(370,014)	(195,592)	(345,725)
Finance costs	10	(64,161)	(56,868)	(63,134)	(31,142)	(35,432)
(Impairment losses)/reversal of impairment losses under expected credit loss model, net	11	(13,197)	10,087	(1,076)	(531)	(238)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax		295,874	244,161	305,113	133,976	66,861
Income tax expense	12	(71,376)	(63,405)	(71,641)	(27,989)	(14,609)
Profit and total comprehensive income for the year/period	13	224,498	180,756	233,472	105,987	52,252
Profit/(loss) and total comprehensive income/(expense) for the year/period attributable to						
Owners of the Company		220,618	180,825	230,375	104,167	47,433
Non-controlling interests		3,880	(69)	3,097	1,820	4,819
		224,498	180,756	233,472	105,987	52,252
Earnings per share						
Basic and diluted (RMB)	16	0.98	0.80	1.01	0.45	0.21

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
		2021	2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	*18*	294,724	364,125	400,001	391,700
Right-of-use assets	*19*	63,081	55,181	52,837	59,234
Investment properties	*20*	89,096	84,892	80,695	78,597
Intangible assets	*21*	7,905	7,573	7,589	6,762
Deferred tax assets	*22*	26,483	24,808	34,069	36,972
Prepayments, deposits and other receivables	*25*	58,929	47,003	41,502	36,744
Other non-current assets		335	129	100	92
		540,553	583,711	616,793	610,101
Current Assets					
Inventories	*23*	2,048,989	1,688,925	2,169,633	2,016,500
Trade receivables	*24*	97,993	130,922	150,513	171,206
Prepayments, deposits and other receivables	*25*	278,742	261,921	399,406	404,722
Financial assets at fair value through profit or loss ("**FVTPL**")	*26*	6,011	—	—	—
Pledged/restricted deposits	*27*	569,476	369,555	528,795	444,102
Cash and cash equivalents	*27*	153,518	225,359	155,866	364,034
		3,154,729	2,676,682	3,404,213	3,400,564
Current Liabilities					
Trade and bills payables	*28*	45,560	64,953	511,787	302,191
Other payables and accruals	*29*	117,258	122,987	139,142	182,303
Lease liabilities	*30*	12,028	9,600	7,711	11,276
Borrowings	*31*	1,336,920	829,627	790,041	1,070,379
Contract liabilities	*32*	27,215	39,044	42,173	72,887
Tax liabilities		1,849	12,296	24,963	13,390
Gold loans	*33*	486,998	394,143	502,508	413,627
Deferred income		132	132	41	34
Provision		210	—	—	—
Refund liabilities	*34*	50,995	41,448	32,943	23,615
		2,079,165	1,514,230	2,051,309	2,089,702
Net Current Assets		1,075,564	1,162,452	1,352,904	1,310,862
Total Assets less Current Liabilities		1,616,117	1,746,163	1,969,697	1,920,963

		As at December 31,			As at June 30,
		2021	2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Liabilities					
Deferred tax liabilities	*22*	28	26	15	50
Lease liabilities	*30*	16,176	8,623	8,281	11,724
Refund liabilities	*34*	59,751	47,928	38,384	25,563
Deferred income		285	153	112	96
		76,240	56,730	46,792	37,433
Net Assets		1,539,877	1,689,433	1,922,905	1,883,530
Capital and Reserves					
Share capital	*35*	224,900	229,067	229,067	229,067
Reserves		1,307,163	1,454,914	1,685,289	1,641,095
Equity attributable to owners of the Company		1,532,063	1,683,981	1,914,356	1,870,162
Non-controlling interests		7,814	5,452	8,549	13,368
Total Equity		1,539,877	1,689,433	1,922,905	1,883,530

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
		2021	2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	*18*	29,731	26,997	24,510	23,278
Right-of-use assets	*19*	2,877	2,776	2,674	2,623
Investment properties	*20*	84,775	80,980	77,193	75,300
Intangible assets	*21*	4,088	3,527	4,062	3,617
Investments in subsidiaries	*45B*	1,730,510	1,733,125	1,725,125	1,726,125
Deferred tax assets	*22*	150	94	5,456	15,566
Prepayments, deposits and other receivables	*25*	2,752	3,390	3,175	3,806
		1,854,883	1,850,889	1,842,195	1,850,315
Current Assets					
Inventories	*23*	205,741	123,854	241,524	239,121
Trade receivables		—	514	29	642
Amounts due from subsidiaries	*44*	66,870	22,362	17,170	154,395
Prepayments, deposits and other receivables	*25*	84,238	127,276	225,866	164,264
Pledged/restricted deposits	*27*	216,655	55,700	132,453	119,162
Cash and cash equivalents	*27*	33,953	103,496	25,422	96,113
		607,457	433,202	642,464	773,697
Current Liabilities					
Trade payables	*28*	4,540	293	1,062	645
Amounts due to subsidiaries	*44*	962,313	811,599	680,098	935,181
Other payables and accruals	*29*	2,796	1,858	3,889	6,871
Borrowings	*31*	278,966	230,284	430,554	429,997
Contract liabilities		—	—	—	4,196
		1,248,615	1,044,034	1,115,603	1,376,890
Net Current Liabilities		(641,158)	(610,832)	(473,139)	(603,193)
Total Assets less Current Liabilities		1,213,725	1,240,057	1,369,056	1,247,122
Net Assets		1,213,725	1,240,057	1,369,056	1,247,122

		As at December 31,			As at June 30,
		2021	2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Capital and Reserves					
Share capital	*35*	224,900	229,067	229,067	229,067
Reserves	*46*	988,825	1,010,990	1,139,989	1,018,055
Total Equity		1,213,725	1,240,057	1,369,056	1,247,122

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Other reserve	Share-based payments reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 *(Note i)*	RMB'000	RMB'000 *(Note ii)*	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	224,900	465,249	(17,965)	68,846	80,278	487,869	1,309,177	5,037	1,314,214
Profit and total comprehensive income for the year	—	—	—	—	—	220,618	220,618	3,880	224,498
Recognition of equity-settled share-based payments *(Note 36)*	—	—	—	2,268	—	—	2,268	—	2,268
Appropriation of statutory reserve	—	—	—	—	58,233	(58,233)	—	—	—
Dividend paid to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	(1,103)	(1,103)
	—	—	—	2,268	58,233	(58,233)	2,268	(1,103)	1,165
At December 31, 2021	224,900	465,249	(17,965)	71,114	138,511	650,254	1,532,063	7,814	1,539,877
Profit/(loss) and total comprehensive income/(expense) for the year	—	—	—	—	—	180,825	180,825	(69)	180,756
Issue of shares *(Note 35)*	4,167	45,833	—	—	—	—	50,000	—	50,000
Recognition of equity-settled share-based payments *(Note 36)*	—	—	—	130	—	—	130	—	130
Acquisition of additional interest in a subsidiary	—	—	(322)	—	—	—	(322)	(2,293)	(2,615)
Appropriation of statutory reserve	—	—	—	—	21,509	(21,509)	—	—	—
Dividend declared *(Note 17)*	—	—	—	—	—	(78,715)	(78,715)	—	(78,715)
	4,167	45,833	(322)	130	21,509	(100,224)	(28,907)	(2,293)	(31,200)
At December 31, 2022	229,067	511,082	(18,287)	71,244	160,020	730,855	1,683,981	5,452	1,689,433
Profit and total comprehensive income for the year	—	—	—	—	—	230,375	230,375	3,097	233,472
Appropriation to statutory reserve	—	—	—	—	40,124	(40,124)	—	—	—
At December 31, 2023	229,067	511,082	(18,287)	71,244	200,144	921,106	1,914,356	8,549	1,922,905
Profit and total comprehensive income for the period	—	—	—	—	—	47,433	47,433	4,819	52,252
Dividend declared *(Note 17)*	—	—	—	—	—	(91,627)	(91,627)	—	(91,627)
At June 30, 2024	229,067	511,082	(18,287)	71,244	200,144	876,912	1,870,162	13,368	1,883,530
At January 1, 2023	229,067	511,082	(18,287)	71,244	160,020	730,855	1,683,981	5,452	1,689,433
Profit and total comprehensive income for the period	—	—	—	—	—	104,167	104,167	1,820	105,987
At June 30, 2023 (unaudited)	229,067	511,082	(18,287)	71,244	160,020	835,022	1,788,148	7,272	1,795,420

Notes:

(i) Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid when the Group acquired partial interests in existing subsidiaries.

(ii) According to the relevant laws of the People's Republic of China (the "**PRC**"), the Group's subsidiaries established in the PRC have to transfer a portion of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities					
Profit before tax	295,874	244,161	305,113	133,976	66,861
Adjustments for:					
Interest income	(5,970)	(8,158)	(5,492)	(3,119)	(2,261)
Finance costs	64,161	56,868	63,134	31,142	35,432
Net unrealised loss/(gain) on gold loans	973	8,913	19,735	(5,632)	(20,440)
Fair value changes on financial assets at FVTPL	(803)	(140)	(80)	(54)	(5)
Depreciation of property, plant and equipment	27,813	27,840	37,507	16,676	22,097
Depreciation of right-of-use assets	11,008	11,389	9,611	4,474	5,356
Depreciation of investment properties	3,724	4,204	4,197	2,099	2,098
Amortisation of intangible assets	1,732	1,514	1,692	829	915
(Gain)/loss on disposal of property, plant and equipment, intangible assets and termination of leases	(58)	(1,555)	55	(218)	20
Net foreign exchange (gain)/loss	(12)	174	28	30	39
Net impairment losses/(reversal of impairment losses) under expected credit loss model	13,197	(10,087)	1,076	531	238
Release of government grants	(132)	(132)	(132)	(66)	(23)
Recognition of equity-settled share-based payments	2,268	130	—	—	—
Covid-19-related rent concessions	—	(66)	—	—	—
Operating cash flows before movements in working capital	413,775	335,055	436,444	180,668	110,327
(Increase)/decrease in inventories	(310,623)	258,296	(392,078)	(428,498)	84,691
(Increase)/decrease in pledged/restricted deposits	(28,078)	389	(65,868)	(63,751)	(10,269)
(Increase)/decrease in trade receivables	(21,955)	(19,050)	(21,937)	9,449	(20,964)
Decrease/(increase) in prepayments, deposits and other receivables	10,251	17,219	(91,653)	(92,170)	9,289
Increase/(decrease) in refund liabilities	2,438	(21,370)	(18,049)	574	(22,149)
Increase/(decrease) in provision	20	(210)	—	—	—
Increase/(decrease) in trade and bills payables	32,616	7,987	471,665	268,638	(196,760)
(Decrease)/increase in other payables and accruals	(8,181)	(17,958)	16,137	5,158	40,760
Increase in contract liabilities	20,137	11,829	3,129	72,710	30,714
Cash generated from/(used in) operations	110,400	572,187	337,790	(47,222)	25,639
Income taxes paid	(97,903)	(32,568)	(92,332)	(9,362)	(30,379)
Interest paid for gold loans	(19,948)	(18,526)	(17,272)	(7,130)	(9,646)
Interest received	1,516	1,577	1,490	689	701
Net cash (used in)/from operating activities	(5,935)	522,670	229,676	(63,025)	(13,685)

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Investing activities					
Purchase of property, plant and equipment	(69,471)	(73,717)	(99,651)	(71,447)	(24,814)
Proceeds from disposal of property, plant and equipment	153	14	301	294	2
Purchases of intangible assets	(945)	(1,820)	(1,492)	(905)	(6,687)
Payment for leasehold lands	(3,225)	—	—	—	—
Proceeds from disposal of financial products and structured deposits	1,074,048	113,221	30,080	16,054	6,005
Purchase of financial products and structured deposits	(997,386)	(107,070)	(30,000)	(16,000)	(6,000)
Withdrawal of pledged/restricted deposits	485,068	580,500	671,000	290,000	265,000
Interest received from pledged/restricted deposits	3,587	5,613	4,630	3,168	1,522
Placement of pledged/restricted deposits	(476,050)	(380,000)	(765,000)	(490,000)	(170,000)
Net cash from/(used in) investing activities	15,779	136,741	(190,132)	(268,836)	65,028
Financing activities					
Proceeds from borrowings	1,525,500	1,136,000	1,424,730	1,083,930	904,300
Repayment of borrowings	(1,384,950)	(1,642,500)	(1,465,800)	(783,050)	(623,723)
Interest paid	(43,485)	(39,135)	(44,378)	(23,188)	(26,025)
Proceeds from issue of shares	—	50,000	—	—	—
Payments for [REDACTED] issue costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid to shareholders	—	(78,715)	—	—	(91,627)
Dividends paid to non-controlling shareholders of a subsidiary	(1,103)	—	—	—	—
Repayments of lease liabilities	(9,436)	(10,655)	(8,086)	(4,126)	(4,053)
Payment for acquisition of additional interest in a subsidiary	—	(2,615)	—	—	—
Net cash from/(used in) financing activities	86,526	(587,620)	(108,931)	273,566	156,733
Net increase/(decrease) in cash and cash equivalents	96,370	71,791	(69,387)	(58,295)	208,076
Cash and cash equivalents at beginning of the year/period	57,151	153,518	225,359	225,359	155,866
Effect of foreign exchange rate changes	(3)	50	(106)	(47)	92
Cash and cash equivalents at end of the year/period	153,518	225,359	155,866	167,017	364,034

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was established as a limited liability company in the PRC on September 8, 2000 and converted into a joint-stock company with limited liability under the Company Law of the PRC on June 29, 2018. The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

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

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

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRSs issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The statutory financial statements of the Company for the years ended December 31, 2021, 2022 and 2023 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Beijing Xintuo Zixin Certified Public Accountants Co., Ltd* (北京信拓孜信會計師事務所有限公司), Changle Zhengfang Certified Public Accountants Co., Ltd* (昌樂正方會計師事務所有限責任公司) and Shandong Shiji Yuanfei Certified Public Accountants* (山東世紀鳶飛會計師事務所), respectively.

* *English name is for identification purpose only.*

3. ADOPTION OF AMENDMENTS TO HKFRSs

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on January 1, 2024, throughout the Track Record Period.

New and Amendments to HKFRSs in issue but not yet effective

At the date of this report, the following amendments to HKFRSs have been issued which are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after January 1, 2025
3 Effective for annual periods beginning on or after January 1, 2027

The application of HKFRS 18 is not expected to have significant impact on the financial positions or performance of the Group but may affect the presentations and disclosures of the Group's consolidated financial statements. The Group is in the process of making a detailed assessment of the impact of HKFRS18. Except for the HKFRS 18, The directors of the Company anticipate that the application of the above amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less accumulated impairment losses, if any.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

Variable consideration

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

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

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

Refund liabilities

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

Sale with a right of return/exchange

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

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

Non-cash consideration

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

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

Principal versus agent

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

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

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

Leases

Definition of 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.

The Group assesses whether a contract is or contains a lease, at inception of a contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

Refundable rental deposits

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

Lease liabilities

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

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

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

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

The Group as a lessor

Classification and measurement of leases

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

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

Refundable rental deposits

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

Sale and leaseback transactions

The Group as a seller-lessee

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

Foreign currencies

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

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

Borrowing costs

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

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

Government grants

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

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

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

Employee benefits

Short-term employee benefits

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

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

Retirement benefits costs

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

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

Taxation

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

Investment properties

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

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

Intangible assets

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

Research and development expenses

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

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

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

Other development expenditure that does not meet those criteria is expensed as incurred. There were no development expenses meeting these criteria and capitalised as intangible assets as of December 31, 2021, 2022 and 2023 and June 30, 2024.

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

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

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

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

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

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

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

Inventories

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income or designated as at fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, other receivables, pledged/restricted deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually for those relating to customers with significant doubt on collection of receivables and collectively using a provision matrix with appropriate groupings with shared credit characteristics for the others.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration debtors' aging and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

Au (T+D) contracts

The Group has a practice of settling Au (T+D) contracts net in cash or another financial instrument, and hence accounted for as derivatives. Au (T+D) contracts are initially recognised at fair value at the date when Au (T+D) contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Gold loans

Gold loans representing the obligation to deliver gold are classified as liabilities at FVTPL at initial recognition. The net gain or loss recognised in profit or loss excludes any interest paid on gold loans.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition for sales settled in used gold products

The Group receives used gold products from franchisees, provincial-dealers and end customers to be used in manufacturing new gold products. There is no obligation or commitment for the Group to accept the used gold products. Except for the form of consideration, there's no difference between this arrangement and an arrangement in which customers make a cash payment. The directors of the Company apply judgement to assess whether the Group has obtained control of customer-provided materials or not. Based on due and careful analysis of all relevant facts and circumstances, it is concluded that the Group has obtained control of the used gold products. As a result, the fair value of the non-cash consideration is included in the transaction price. The Group estimates the fair value of the non-cash consideration by reference to the real-time trading price of the Shanghai Gold Exchange on the relevant trading day.

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables

Trade receivables relating to customers with significant doubt on collection of receivables are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 41.

Net realisable value of inventories

The Group's inventories are measured at the lower of cost and net realisable value. The net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and costs necessary to make the sale. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature. Changes in these estimates will affect the carrying value of inventories and profit in subsequent years. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is detailed in Note 23.

Sales return

The Group makes a reasonable estimate of the return rate of diamond inlaying jewellery sold. The Group has developed a statistical model for forecasting sales returns. The model used the historical return data to come up with expected return percentages. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns biannually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. The amount recognised as refund liabilities is disclosed in Note 34.

Deferred tax assets

The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

6. REVENUE AND SEGMENT INFORMATION

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

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

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

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

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Type of goods or services					
Sale of goods:					
— Gold jewellery and other gold products	16,457,308	15,392,835	19,877,366	9,137,879	9,834,885
— K gold jewellery, diamond inlaying jewellery and other products	296,605	226,187	225,513	127,648	99,925
Other services	117,087	105,193	105,720	50,686	44,934
Total	16,871,000	15,724,215	20,208,599	9,316,213	9,979,744
Geographical markets					
Mainland China	16,870,796	15,718,606	20,191,104	9,314,263	9,942,215
Others	204	5,609	17,495	1,950	37,529
Total	16,871,000	15,724,215	20,208,599	9,316,213	9,979,744
Timing of revenue recognition					
A point in time	16,807,389	15,663,827	20,149,774	9,288,643	9,953,053
Over time	63,611	60,388	58,825	27,570	26,691
Total	16,871,000	15,724,215	20,208,599	9,316,213	9,979,744

For the sales of gold jewellery and other gold products, K gold jewellery, diamond inlaying jewellery and other products, revenue is recognised when customers obtain control of the goods, being when the goods have been accepted by customers or delivered to the carrier designated by the customers. The payment is usually due immediately for retail customers or in 3 to 90 days' credit period for the franchisees and provincial-dealers.

Under the Group's standard contract terms, except for closures of stores, customers (franchisees and provincial-dealers) have no right to return any goods after its acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within 5 years. The Group uses its accumulated historical experience to estimate the percentage of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. The Group's right to recover the product when customers exercise their rights is recognised as a right to returned goods and a corresponding adjustment to cost of sales.

Other services include royalty and service, brand usage, customised processing service and testing service. Royalty and service income and brand usage income in respect of the use of the Group's trademarks are recognised over time in accordance with the relevant agreements. Customised processing service income and testing service income are recognised when the services are rendered.

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

7. OTHER INCOME

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income from bank and other deposits	5,970	8,158	5,492	3,119	2,261
Other income from franchisees and provincial-dealers	2,343	4,079	3,563	1,665	1,533
Rental income	3,604	3,200	3,222	1,560	1,741
Government grants *(note)*	15,416	12,648	15,230	895	2,844
Additional Deduction for value-added tax ("**VAT**")	—	—	—	—	2,165
Others	97	316	266	263	104
	27,430	28,401	27,773	7,502	10,648

Note: For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, income of approximately RMB15,284,000, RMB12,516,000, RMB15,098,000, RMB829,000 (unaudited) and RMB2,821,000 respectively represents the subsidies from the relevant government authorities for the purpose of motivating the business development of the Group. The subsidies received are in substance a kind of immediate financial support to the Group with no future related costs and are recognised as income when the subsidies are received. There were no unfulfilled conditions for all the government grants in the years in which they were recognised.

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, income of approximately RMB132,000, RMB132,000, RMB132,000, RMB66,000 (unaudited) and RMB23,000 respectively represents the grants from the relevant government authorities for funding the purchase of certain non-current assets. The government grants received are recognised in profit or loss over the useful lives of the relevant non-current assets.

8. OTHER EXPENSES

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Expenses related to previous A-share listing attempt	13,290	7,261	4,302	2,898	—
Direct operating expenses incurred for investment properties	3,724	4,204	4,197	2,099	2,098
	17,014	11,465	8,499	4,997	2,098

9. OTHER GAINS AND LOSSES, NET

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gain/(loss) on disposal of property, plant and equipment, intangible assets and termination of leases, net	58	1,555	(55)	218	(20)
Net foreign exchange gain/(loss)	9	(124)	(134)	(77)	53
Net realised gain/(loss) on Au (T+D) contracts *(note)*	76,001	(170,942)	(299,391)	(158,000)	(298,527)
Net realised gain/(loss) on gold loans	13,552	(29,247)	(50,358)	(42,919)	(67,662)
Net unrealised (loss)/gain on gold loans	(973)	(8,913)	(19,735)	5,632	20,440
Fair value changes on financial assets at FVTPL	803	140	80	54	5
Charitable contribution	(443)	(2,382)	(1,146)	(500)	(613)
Others	832	952	725	—	599
Total	89,839	(208,961)	(370,014)	(195,592)	(345,725)

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

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

10. FINANCE COSTS

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on borrowings	23,921	27,891	33,703	15,059	22,890
Interest on gold loans	19,948	18,526	17,272	7,130	9,646
Interest on bills discounted with recourse	18,366	8,931	11,224	8,483	2,335
Interest on lease liabilities	1,926	1,520	935	470	561
	64,161	56,868	63,134	31,142	35,432

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

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Impairment losses)/reversal of impairment losses, net recognised on:					
— Trade receivables	(12,402)	11,116	(675)	(666)	424
— Other receivables	(795)	(1,029)	(401)	135	(662)
Total	(13,197)	10,087	(1,076)	(531)	(238)

12. INCOME TAX EXPENSE

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current enterprise income Tax ("**EIT**"):	71,722	61,732	80,913	34,646	16,754
Under provision in prior years	—	—	—	—	723
Deferred tax	(346)	1,673	(9,272)	(6,657)	(2,868)
	71,376	63,405	71,641	27,989	14,609

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Certain subsidiaries are qualified as small low-profit enterprises by the relevant tax authorities. The entitled subsidiaries are subject to a preferential income tax rate of 2.5%, 5% or 10% during the Track Record Period.

Shandong Yifu Gold Jewellery Limited ("**Shandong Yifu**"), is entitled to a preferential income tax rate of 15% for the six months ended June 30, 2024, as Shandong Yifu was qualified as a High-New Technology Enterprise (the "**HNTE**") and the HNTE qualification was approved and valid for 3 years from November 29, 2023 to November 28, 2026.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Profit before tax	295,874	244,161	305,113	133,976	66,861
Tax at PRC statutory income tax rate of 25%	73,969	61,040	76,278	33,494	16,715
Effect of different tax rates of subsidiaries	(516)	(765)	(2,751)	(894)	(2,781)
Tax effect of expenses not deductible for tax purposes	1,870	1,262	2,638	515	80
Utilisation of tax losses previously not recognised	(1,314)	(226)	(1,520)	(1,540)	(455)
Utilisation of deductible temporary differences previously not recognised	(1,776)	(357)	(2,110)	(1,962)	(147)
Tax effect of tax losses not recognised	1,865	4,277	3,413	504	4,197
Tax effect of deductible temporary differences not recognised	62	1,815	—	—	—
Under provision in respect of prior years	—	—	—	—	723
Additional deductible items under the EIT law *(note i)*	(2,784)	(3,641)	(4,307)	(2,128)	(3,723)
Income tax expense for the year/period	71,376	63,405	71,641	27,989	14,609

Note:

i. Additional deductible items under the EIT law include super deduction for research and development expenses and super deduction for salary of disabled individuals.

13. PROFIT FOR THE YEAR/PERIOD

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

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation of property, plant and equipment	27,813	27,840	37,507	16,676	22,097
Depreciation of investment properties	3,724	4,204	4,197	2,099	2,098
Depreciation of right-of-use assets	11,008	11,389	9,611	4,474	5,356
Amortisation of intangible assets	1,732	1,514	1,692	829	915
Total depreciation and amortisation	44,277	44,947	53,007	24,078	30,466
Less: capitalised in inventories	(14,287)	(15,497)	(19,643)	(8,953)	(10,546)
	29,990	29,450	33,364	15,125	19,920
Auditor's remuneration	43	23	63	37	40
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Short-term lease expense	1,970	3,053	3,184	1,723	1,037
Covid-19-related rent concessions	—	(66)	—	—	—
Gross rental income from investment properties	(3,604)	(3,200)	(3,222)	(1,560)	(1,741)
Less:					
direct operating expenses incurred for investment properties that generated rental income during the year/period	2,286	2,287	2,234	1,139	1,135
direct operating expenses incurred for investment properties that did not generated rental income during the year/period	1,438	1,917	1,963	960	963
	120	1,004	975	539	357
Directors' and supervisors' remuneration *(Note 14)*	4,753	3,702	4,094	1,875	2,071
Other staff cost:					
Salaries and other allowances	181,170	198,211	231,960	111,170	113,105
Equity-settled share-based payments included in administrative expenses	1,224	118	—	—	—
Retirement benefits scheme contributions	11,615	15,307	17,736	8,359	9,850
Total staff costs	194,009	213,636	249,696	119,529	122,955
Less: capitalised in inventories	(68,553)	(76,775)	(86,337)	(40,024)	(41,408)
	125,456	136,861	163,359	79,505	81,547
Cost of inventories recognised as an expense	16,334,200	14,964,650	19,130,638	8,787,968	9,362,088
Including: (reversal of write-down)/ write-down of inventories	(12,946)	109	(583)	(348)	2,268

14. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

The emoluments paid or payable to the directors, chief executive and supervisors of the Company during the Track Record Period are as follows:

	For the year ended December 31, 2021				
	Salaries, allowances and benefits in kind	**Performance-based bonuses**	**Retirement benefits scheme**	**Equity-settled share-based payments**	**Total**
	RMB'000	**RMB'000** *(note i)*	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors:					
Mr. Wang Zhongshan	483	339	35	492	1,349
Ms. Zhang Xiuqin (Chief executive)	424	387	30	380	1,221
Mr. Wang Zegang	435	194	35	39	703
Ms. Jiang Liying	376	282	—	104	762
Sub-total	1,718	1,202	100	1,015	4,035
Independent non-executive directors:					
Mr. Wang Gongyong	70	—	—	—	70
Mr. Sha Nali	70	—	—	—	70
Mr. Huang Fangliang	70	—	—	—	70
Sub-total	210	—	—	—	210
Supervisors:					
Mr. Zhang Xin	144	—	9	7	160
Mr. Li Hu	152	—	9	—	161
Mr. Wang Yanpeng	156	—	9	22	187
Sub-total	452	—	27	29	508
Total	2,380	1,202	127	1,044	4,753

	For the year ended December 31, 2022				
	Salaries, allowances and benefits in kind	**Performance-based bonuses**	**Retirement benefits scheme**	**Equity-settled share-based payments**	**Total**
	RMB'000	**RMB'000** *(note i)*	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors:					
Mr. Wang Zhongshan	485	338	40	—	863
Ms. Zhang Xiuqin (Chief executive)	355	388	—	—	743
Mr. Wang Zegang	436	194	40	—	670
Ms. Jiang Liying	386	290	—	8	684
Sub-total	1,662	1,210	80	8	2,960
Independent non-executive directors:					
Mr. Wang Gongyong	70	—	—	—	70
Mr. Sha Nali	70	—	—	—	70
Mr. Huang Fangliang	70	—	—	—	70
Sub-total	210	—	—	—	210
Supervisors:					
Mr. Zhang Xin	150	1	10	—	161
Mr. Li Hu	169	1	24	—	194
Mr. Wang Yanpeng	159	4	10	4	177
Sub-total	478	6	44	4	532
Total	2,350	1,216	124	12	3,702

	For the year ended December 31, 2023				
	Salaries, allowances and benefits in kind	**Performance-based bonuses**	**Retirement benefits scheme**	**Equity-settled share-based payments**	**Total**
	RMB'000	**RMB'000** *(note i)*	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors:					
Mr. Wang Zhongshan	489	338	43	—	870
Ms. Zhang Xiuqin (Chief executive) *(note ii)*	381	374	—	—	755
Mr. Wang Zegang	448	252	45	—	745
Ms. Jiang Liying	393	307	—	—	700
Sub-total	1,711	1,271	88	—	3,070
Independent non-executive directors:					
Mr. Wang Gongyong	70	—	—	—	70
Mr. Sha Nali	70	—	—	—	70
Mr. Huang Fangliang	70	—	—	—	70
Mr. Wong Lit Chor, Alexis *(note iii)*	23	—	—	—	23
Sub-total	233	—	—	—	233
Chief executive:					
Mr. Wang Guoxin *(note iv)*	44	—	7	—	51
Supervisors:					
Mr. Zhang Xin	155	3	24	—	182
Mr. Li Hu	175	60	25	—	260
Mr. Wang Yanpeng	162	126	10	—	298
Sub-total	492	189	59	—	740
Total	2,480	1,460	154	—	4,094

	For the six months ended June 30, 2024				
	Salaries, allowances and benefits in kind	**Performance-based bonuses**	**Retirement benefits scheme**	**Equity-settled share-based payments**	**Total**
	RMB'000	**RMB'000** *(note i)*	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors:					
Mr. Wang Zhongshan	227	152	7	—	386
Ms. Zhang Xiuqin	195	177	—	—	372
Mr. Wang Zegang	223	85	24	—	332
Ms. Jiang Liying	198	143	—	—	341
Sub-total	843	557	31	—	1,431
Independent non-executive directors:					
Mr. Wang Gongyong	35	—	—	—	35
Mr. Sha Nali	35	—	—	—	35
Mr. Huang Fangliang	35	—	—	—	35
Mr. Wong Lit Chor, Alexis *(note iii)*	35	—	—	—	35
Sub-total	140	—	—	—	140
Chief executive:					
Mr. Wang Guoxin	113	—	18	—	131
Supervisors:					
Mr. Zhang Xin	77	—	12	—	89
Mr. Li Hu	129	—	12	—	141
Mr. Wang Yanpeng	127	—	12	—	139
Sub-total	333	—	36	—	369
Total	1,429	557	85	—	2,071

	For the six months ended June 30, 2023 (Unaudited)				
	Salaries, allowances and benefits in kind	**Performance-based bonuses**	**Retirement benefits scheme**	**Equity-settled share-based payments**	**Total**
	RMB'000	**RMB'000** *(note i)*	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors:					
Mr. Wang Zhongshan	251	171	22	—	444
Ms. Zhang Xiuqin (Chief executive) *(note ii)*	185	183	—	—	368
Mr. Wang Zegang	226	97	22	—	345
Ms. Jiang Liying	199	146	—	—	345
Sub-total	861	597	44	—	1,502
Independent non-executive directors:					
Mr. Wang Gongyong	35	—	—	—	35
Mr. Sha Nali	35	—	—	—	35
Mr. Huang Fangliang	35	—	—	—	35
Sub-total	105	—	—	—	105
Supervisors:					
Mr. Zhang Xin	76	—	5	—	81
Mr. Li Hu	88	—	13	—	101
Mr. Wang Yanpeng	81	—	5	—	86
Sub-total	245	—	23	—	268
Total	1,211	597	67	—	1,875

Notes:

i. Performance-based bonuses are determined based on the Group's performance and performance of the relevant individuals within the Group.

ii. Ms. Zhang Xiuqin resigned as chief executive on September 4, 2023.

iii. Mr. Wong Lit Chor Alexis was appointed as an independent non-executive director on September 20, 2023 and resigned as an independent non-executive director on July 31, 2024.

iv. Mr. Wang Guoxin was appointed as chief executive on September 20, 2023.

The emoluments of executive directors and supervisors shown above were mainly for their services in connection with the management of affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as the directors of the Company.

During the Track Record Period, certain directors and supervisors were granted shares in respect of their services to the Group, details are set out in Note 36 to the Historical Financial Information.

There was no arrangement under which a director, supervisor or chief executive of the Company waived or agreed to waive any remuneration during the Track Record Period.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included 2, 1, nil, nil (unaudited) and 1 directors or supervisors for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, details of whose remuneration are set out in Note 14 above. Details of the remuneration for the remaining 3, 4, 5, 5 (unaudited) and 4 individuals who are not a director, supervisor or chief executive of the Company for the Track Record Period were as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Salaries and other allowances	2,435	3,422	5,301	2,802	1,861
Performance-based bonuses	632	228	363	100	—
Retirement benefits scheme	21	81	117	52	48
Equity-settled share-based payments expense	42	—	—	—	—
	3,130	3,731	5,781	2,954	1,909

The number of the highest paid employees who are not the directors, supervisors or chief executive of the Company whose remuneration fell within the following bands is as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of employees	**Number of employees**	**Number of employees**	**Number of employees (Unaudited)**	**Number of employees**
Hong Kong dollars ("**HKD**") nil to HKD1,000,000	—	1	—	5	4
HKD1,000,001 to HKD1,500,000	3	3	5	—	—
Total	3	4	5	5	4

During the Track Record Period, no emoluments were paid by the Group to any of the directors, supervisors, chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. EARNINGS PER SHARE

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

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year attributable to the owners of the Company	220,618	180,825	230,375	104,167	47,433

Number of shares

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	'000	'000	'000	'000 (Unaudited)	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	224,900	226,289	229,067	229,067	229,067

No diluted earnings per share for the Track Record Period were presented as there were no potential ordinary shares in issue for the Track Record Period.

17. DIVIDENDS

In May 2022, a final dividend of RMB78,715,000 was declared and paid by the Company to its shareholders.

In March 2024, a final dividend of RMB91,627,000 was declared and paid by the Company to its shareholders in May 2024.

Other than the above, no dividend was paid or declared by the Company during the Track Record Period.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvement	Construction in progress	Machinery	Transportation equipment	Electronic equipment	Other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	99,730	20,824	87,652	144,896	12,020	22,400	18,293	405,815
Additions	—	1,986	45,183	24,630	2,113	2,088	417	76,417
Transfer from construction in progress	—	—	(2,371)	2,172	—	—	199	—
Transfer to investment properties	(20,947)	—	—	—	—	—	—	(20,947)
Disposals	—	—	—	—	(522)	(132)	(6)	(660)
At December 31, 2021	78,783	22,810	130,464	171,698	13,611	24,356	18,903	460,625
Additions	—	3,073	77,857	14,256	284	1,679	218	97,367
Transfer from construction in progress	—	—	(8,075)	7,470	—	—	605	—
Disposals	—	—	—	(502)	—	(1,579)	(107)	(2,188)
At December 31, 2022	78,783	25,883	200,246	192,922	13,895	24,456	19,619	555,804
Additions	141	5,789	29,831	28,151	462	5,241	4,171	73,786
Transfer from construction in progress	216,701	—	(226,210)	470	—	8,862	177	—
Disposals	—	—	—	(3,578)	(114)	(2,442)	(1,194)	(7,328)
At December 31, 2023	295,625	31,672	3,867	217,965	14,243	36,117	22,773	622,262
Additions	—	1,517	15	12,422	352	2,571	86	16,963
Transfer from construction in progress	—	—	(2,928)	2,600	—	—	328	—
Disposals	—	—	—	(52)	—	(114)	(10)	(176)
Other decrease	(2,207)	—	(940)	—	—	—	—	3,147
At June 30, 2024	293,418	33,189	14	232,935	14,595	38,574	23,177	635,902

	Buildings	Leasehold improvement	Construction in progress	Machinery	Transportation equipment	Electronic equipment	Other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION								
At January 1, 2021	33,280	13,800	—	56,284	9,613	18,226	11,448	142,651
Charge for the year	4,075	4,501	—	13,503	1,039	2,096	2,599	27,813
Transfer to investment properties	(3,980)	—	—	—	—	—	—	(3,980)
Eliminated on disposals	—	—	—	—	(452)	(125)	(6)	(583)
At December 31, 2021	33,375	18,301	—	69,787	10,200	20,197	14,041	165,901
Charge for the year	3,826	3,399	—	15,325	1,150	2,074	2,066	27,840
Eliminated on disposals	—	—	—	(458)	—	(1,503)	(101)	(2,062)
At December 31, 2022	37,201	21,700	—	84,654	11,350	20,768	16,006	191,679
Charge for the year	11,369	2,674	—	17,062	876	3,686	1,840	37,507
Eliminated on disposals	—	—	—	(3,399)	(108)	(2,284)	(1,134)	(6,925)
At December 31, 2023	48,570	24,374	—	98,317	12,118	22,170	16,712	222,261
Charge for the period	7,142	1,600	—	9,389	422	2,546	998	22,097
Eliminated on disposals	—	—	—	(49)	—	(98)	(9)	(156)
At June 30, 2024	55,712	25,974	—	107,657	12,540	24,618	17,701	244,202
CARRYING AMOUNT								
At December 31, 2021	45,408	4,509	130,464	101,911	3,411	4,159	4,862	294,724
At December 31, 2022	41,582	4,183	200,246	108,268	2,545	3,688	3,613	364,125
At December 31, 2023	247,055	7,298	3,867	119,648	2,125	13,947	6,061	400,001
At June 30, 2024	237,706	7,215	14	125,278	2,055	13,956	5,476	391,700

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Buildings	4.75%–9.50%
Leasehold improvement	20.00%–33.33%
Machinery	4.75%–31.67%
Transportation equipment	9.50%–23.75%
Electronic equipment	8.64%–33.53%
Other equipment	8.33%–34.55%

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of property, plant and equipment of RMB41,293,000, RMB37,818,000, RMB205,542,000 and RMB 222,980,000, respectively, are pledged to banks as collaterals for the Group's borrowings and gold loans.

The Company

	Buildings	Leasehold improvement	Machinery	Transportation equipment	Electronic equipment	Other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2021	42,448	4,184	4,559	4,650	1,508	372	57,721
Additions	—	—	—	1,023	8	—	1,031
Disposals	—	—	—	(421)	(22)	—	(443)
At December 31, 2021	42,448	4,184	4,559	5,252	1,494	372	58,309
Disposals	—	—	(480)	—	(46)	(102)	(628)
At December 31, 2022	42,448	4,184	4,079	5,252	1,448	270	57,681
Additions	—	—	—	—	4	—	4
Disposals	—	—	(609)	—	—	—	(609)
At December 31, 2023	42,448	4,184	3,470	5,252	1,452	270	57,076
Additions	—	—	—	—	1	—	1
Disposals	—	—	(1,236)	—	—	—	(1,236)
At June 30, 2024	42,448	4,184	2,234	5,252	1,453	270	55,841
DEPRECIATION							
At January 1, 2021	12,993	4,072	3,079	4,417	1,431	353	26,345
Charge for the year	2,023	112	436	81	2	—	2,654
Eliminated on disposals	—	—	—	(400)	(21)	—	(421)
At December 31, 2021	15,016	4,184	3,515	4,098	1,412	353	28,578
Charge for the year	2,023	—	435	243	2	—	2,703
Eliminated on disposals	—	—	(456)	—	(44)	(97)	(597)
At December 31, 2022	17,039	4,184	3,494	4,341	1,370	256	30,684
Charge for the year	2,014	—	201	243	3	—	2,461
Eliminated on disposals	—	—	(579)	—	—	—	(579)
At December 31, 2023	19,053	4,184	3,116	4,584	1,373	256	32,566
Charge for the period	1,007	—	40	122	2	—	1,171
Eliminated on disposals	—	—	(1,174)	—	—	—	(1,174)
At June 30, 2024	20,060	4,184	1,982	4,706	1,375	256	32,563
CARRYING AMOUNT							
At December 31, 2021	27,432	—	1,044	1,154	82	19	29,731
At December 31, 2022	25,409	—	585	911	78	14	26,997
At December 31, 2023	23,395	—	354	668	79	14	24,510
At June 30, 2024	22,388	—	252	546	78	14	23,278

The above items of property, plant and equipment, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Buildings	4.75%
Leasehold improvement	33.33%
Machinery	9.50%
Transportation equipment	19.00%
Electronic equipment	31.67%
Other equipment	19.00%

As at December 31, 2021, 2022 and 2023 and June 30, 2024, property, plant and equipment of the Company of RMB27,432,000, RMB25,409,000, RMB23,395,000 and RMB22,388,000, respectively, are pledged to banks as collaterals for the Company's borrowings.

19. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1, 2021	80,227	31,216	111,443
Additions	3,672	1,397	5,069
Transfer to investment properties	(42,423)	—	(42,423)
Depreciation charge	(1,069)	(9,939)	(11,008)
Carrying amount at December 31, 2021	40,407	22,674	63,081
Additions	—	10,653	10,653
Lease modifications	—	(77)	(77)
Termination of leases	—	(7,087)	(7,087)
Depreciation charge	(899)	(10,490)	(11,389)
Carrying amount at December 31, 2022	39,508	15,673	55,181
Additions	—	8,666	8,666
Lease modifications	—	(23)	(23)
Termination of leases	—	(1,376)	(1,376)
Depreciation charge	(899)	(8,712)	(9,611)
Carrying amount at December 31, 2023	38,609	14,228	52,837
Additions	—	12,043	12,043
Lease modifications	—	22	22
Termination of leases	—	(312)	(312)
Depreciation charge	(450)	(4,906)	(5,356)
At June 30, 2024	38,159	21,075	59,234

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Expense relating to short-term leases	1,970	3,053	3,184	1,723	1,037
Total cash outflow for leases	13,332	15,228	12,205	6,319	5,651

For the Track Record Period, the Group leases various lands, offices and retail stores for its operations. Lease contracts are entered into for fixed term of 1 month to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns buildings where its manufacturing facilities and office are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for certain properties, electronic equipment and transportation equipment. As at December 31, 2021, 2022 and 2023 and June 30, 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

The Group's lease agreements do not contain any variable lease payments nor any extension or purchase option for lessee.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased properties that are held by the lessor.

As at December 31, 2021 and June 30, 2024, the carrying amount of leasehold lands of RMB32,630,000 and 3,476,000 are pledged to banks as security for the Group's borrowings and gold loans. As at December 31, 2023, the carrying amount of leasehold lands of RMB3,513,000 are pledged to banks as security for the Group's borrowings.

Rent concessions

During the Track Record Period, certain lessors of the retail stores provided rent concessions that occurred as a direct consequence of Covid-19 pandemic to the Group through rent reductions.

During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of nil, RMB66,000, nil, nil(unaudited) and nil respectively were recognised as negative variable lease payments by applying the practical expedient.

The Company

	Leasehold lands
	RMB'000
Carrying amount at January 1, 2021	2,979
Depreciation charge	(102)
Carrying amount at December 31, 2021	2,877
Depreciation charge	(101)
Carrying amount at December 31, 2022	2,776
Depreciation charge	(102)
Carrying amount at December 31, 2023	2,674
Depreciation charge	(51)
Carrying amount at June 30, 2024	2,623

20. INVESTMENT PROPERTIES

The Group

The Group leases out office units, a factory and commercial property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 10 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
COST	
At January 1, 2021	49,516
Transfer from property, plant and equipment	20,947
Transfer from right-of-use assets	46,106
At December 31, 2021, 2022 and 2023 and June 30, 2024	116,569
DEPRECIATION	
At January 1, 2021	16,086
Charge for the year	3,724
Transfer from property, plant and equipment	3,980
Transfer from right-of-use assets	3,683
At December 31, 2021	27,473
Charge for the year	4,204
At December 31, 2022	31,677
Charge for the year	4,197
At December 31, 2023	35,874
Charge for the period	2,098
At June 30, 2024	37,972
CARRYING VALUES	
At December 31, 2021	89,096
At December 31, 2022	84,892
At December 31, 2023	80,695
At June 30, 2024	78,597

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands	2.00%–2.66%
Leased properties	4.75%

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	As at December 31,						As at June 30,	
	2021		2022		2023		2024	
	Carrying Amount	Fair value at Level 3	Carrying Amount	Fair value at Level 3	Carrying Amount	Fair value at Level 3	Carrying Amount	Fair value at Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Office units located in Tianjin	26,822	57,000	24,944	56,000	23,075	54,000	22,140	53,000
Factory located in Tianjin	57,953	59,000	56,036	57,000	54,118	55,000	53,160	55,000
Commercial property units located in Beijing	4,321	11,000	3,912	11,000	3,502	11,000	3,297	11,000
	89,096	127,000	84,892	124,000	80,695	120,000	78,597	119,000

The fair value of the investment properties has been arrived at based on a valuation carried out by Cushman & Wakefield Limited, independent qualified valuers not connected with the Group, based on the income approach and direct comparison approach. The address of Cushman & Wakefield Limited is 27/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.

The fair value of the investment properties except for leasehold land attached to the factory located in Tianjin was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighborhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of leasehold land attached to the factory located in Tianjin was determined based on the direct comparison by making reference to comparable sales evidence as available in the relevant market.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amounts of investment properties of RMB40,443,000, RMB22,492,000, RMB34,943,000 and RMB33,555,000, respectively, are pledged to banks as collaterals for the Group's borrowings and gold loans.

The Company

The Company leases out office units and a factory under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 10 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Company is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
COST	
At January 1, 2021 and December 31, 2021, 2022 and 2023 and June 30, 2024	107,950
DEPRECIATION	
At January 1, 2021	19,380
Charge for the year	3,795
At December 31, 2021	23,175
Charge for the year	3,795
At December 31, 2022	26,970
Charge for the year	3,787
At December 31, 2023	30,757
Charge for the period	1,893
At June 30, 2024	32,650
CARRYING VALUES	
At December 31, 2021	84,775
At December 31, 2022	80,980
At December 31, 2023	77,193
At June 30, 2024	75,300

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands	2.00%–2.66%
Leased properties	4.75%

Details of the Company's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	As at December 31,						As at June 30,	
	2021		2022		2023		2024	
	Carrying Amount	Fair value at Level 3 hierarchy	Carrying Amount	Fair value at Level 3 hierarchy	Carrying Amount	Fair value at Level 3 hierarchy	Carrying Amount	Fair value at Level 3 hierarchy
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Office units located in Tianjin	26,822	57,000	24,944	56,000	23,075	54,000	22,140	53,000
Factory located in Tianjin	57,953	59,000	56,036	57,000	54,118	55,000	53,160	55,000
	84,775	116,000	80,980	113,000	77,193	109,000	75,300	108,000

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amounts of investment properties of the Company of RMB24,279,000, RMB22,492,000, RMB34,943,000 and RMB33,555,000, respectively, are pledged to banks as collaterals for the Company's borrowings.

21. INTANGIBLE ASSETS

The Group

	Software	Trademark	Total
	RMB'000	RMB'000	RMB'000
COST			
At January 1, 2021	14,755	—	14,755
Additions	892	7	899
Disposals	(1,109)	—	(1,109)
At December 31, 2021	14,538	7	14,545
Additions	1,182	—	1,182
At December 31, 2022	15,720	7	15,727
Additions	1,708	—	1,708
At December 31, 2023	17,428	7	17,435
Additions	88	—	88
At June 30, 2024	17,516	7	17,523
AMORTISATION			
At January 1, 2021	5,627	—	5,627
Charge for the year	1,732	—	1,732
Eliminated on disposals	(719)	—	(719)
At December 31, 2021	6,640	—	6,640
Charge for the year	1,513	1	1,514
At December 31, 2022	8,153	1	8,154
Charge for the year	1,691	1	1,692
At December 31, 2023	9,844	2	9,846
Charge for the period	915	—	915
At June 30, 2024	10,759	2	10,761
CARRYING AMOUNT			
At December 31, 2021	7,898	7	7,905
At December 31, 2022	7,567	6	7,573
At December 31, 2023	7,584	5	7,589
At June 30, 2024	6,757	5	6,762

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Software	3.25–10 years
Trademark	6.83 years

The Company

	Software
	RMB'000
COST	
At January 1, 2021	8,799
Additions	156
Disposals	(1,092)
At December 31, 2021	7,863
Additions	287
At December 31, 2022	8,150
Additions	1,495
At December 31, 2023	9,645
Additions	88
At June 30, 2024	9,733
AMORTISATION	
At January 1, 2021	3,321
Charge for the year	1,173
Eliminated on disposals	(719)
At December 31, 2021	3,775
Charge for the year	848
At December 31, 2022	4,623
Charge for the year	960
At December 31, 2023	5,583
Charge for the period	533
At June 30, 2024	6,116
CARRYING AMOUNT	
At December 31, 2021	4,088
At December 31, 2022	3,527
At December 31, 2023	4,062
At June 30, 2024	3,617

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Software . . . . 3.25–10 years

22. DEFERRED TAX ASSETS/LIABILITIES

The Group

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	26,483	24,808	34,069	36,972
Deferred tax liabilities	(28)	(26)	(15)	(50)
	26,455	24,782	34,054	36,922

The following are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Tax losses	ECL provision	Fair value changes of gold loans	Unrealised profit on inventories	Inventory provision	Refund liabilities and provision	Deferred income	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	—	9,097	2,460	2,971	3,374	7,381	137	9,061	34,481
Credit (charge) to profit or loss	—	3,288	(324)	(672)	(3,236)	630	(33)	(2,010)	(2,357)
At December 31, 2021	—	12,385	2,136	2,299	138	8,011	104	7,051	32,124
(Charge) credit to profit or loss	—	(2,689)	2,228	1,103	27	(1,564)	(33)	(2,495)	(3,423)
At December 31, 2022	—	9,696	4,364	3,402	165	6,447	71	4,556	28,701
Credit (charge) to profit or loss	5,354	(486)	4,934	1,293	(153)	(1,441)	(33)	(558)	8,910
At December 31, 2023	5,354	9,210	9,298	4,695	12	5,006	38	3,998	37,611
Credit (charge) to profit or loss	9,529	45	(5,110)	(772)	561	(1,420)	(5)	1,752	4,580
At June 30, 2024	14,883	9,255	4,188	3,923	573	3,586	33	5,750	42,191

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Right-of-use assets	Fair value changes of gold loans	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2021	(7,804)	(568)	(8,372)
Credit to profit or loss	2,135	568	2,703
At December 31, 2021	(5,669)	—	(5,669)
Credit to profit or loss	1,750	—	1,750
At December 31, 2022	(3,919)	—	(3,919)
Credit to profit or loss	362	—	362
At December 31, 2023	(3,557)	—	(3,557)
Charge to profit or loss	(1,712)	—	(1,712)
At June 30, 2024	(5,269)	—	(5,269)

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	13,596	29,799	37,372	52,340
Deductible temporary differences	4,962	10,796	2,356	1,767

No deferred tax asset has been recognised in relation to such deductible temporary difference and tax losses due to the unpredictability of future profit streams.

Unrecognised tax losses with expiry dates are disclosed in the following table.

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
2024	439	439	167	—
2025	5,695	5,547	4,956	4,215
2026	7,462	6,705	1,888	1,519
2027	—	17,108	16,708	16,182
2028	—	—	13,653	13,635
2029	—	—	—	16,789
	13,596	29,799	37,372	52,340

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	150	94	5,456	15,566

The following are the major deferred tax assets and liabilities recognised and movements thereon during the Track Record Period:

	Tax losses	ECL provision	Inventory provision	Fair value changes of gold loans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	—	80	16	(568)	(472)
Credit to profit or loss	—	1	53	568	622
At December 31, 2021	—	81	69	—	150
Credit/(charge) to profit or loss	—	13	(69)	—	(56)
At December 31, 2022	—	94	—	—	94
Credit to profit or loss	5,354	8	—	—	5,362
At December 31, 2023	5,354	102	—	—	5,456
Credit to profit or loss	9,529	—	581	—	10,110
At June 30, 2024	14,883	102	581	—	15,566

23. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	596,811	387,942	533,868	667,678
Work in progress	1,480	2,596	6,343	1,400
Finished goods *(note)*	1,434,117	1,280,587	1,612,052	1,326,328
Goods in transit	3,325	6,164	7,272	9,489
Consignment processing materials	5,489	2,972	525	1,433
Consumables	7,767	8,664	9,573	10,172
	2,048,989	1,688,925	2,169,633	2,016,500

Note: Included in the finished goods are items related to consignment arrangement amounted to RMB2,986,000, RMB1,731,000, RMB854,000 and RMB769,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024.

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	24,429	5,629	125,350	18,301
Finished goods	181,287	118,202	116,152	220,797
Consignment processing materials	1	—	—	—
Consumables	24	23	22	23
	205,741	123,854	241,524	239,121

24. TRADE RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	144,806	166,619	186,885	207,154
Less: Allowance for credit losses	(46,813)	(35,697)	(36,372)	(35,948)
Total	97,993	130,922	150,513	171,206

As at January 1, 2021, gross carrying amount of trade receivables from contracts with customers amounted to RMB122,893,000.

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	86,424	111,332	147,878	163,934
90–180 days	7,171	13,191	2,456	6,582
180 days–1 year	4,398	6,144	179	690
1–2 years	—	255	—	—
Total	97,993	130,922	150,513	171,206

As of December 31, 2021, 2022 and 2023 and June 30, 2024, included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB4,816,000, RMB12,193,000, RMB3,010,000 and RMB9,312,000 respectively which are past due as at the reporting date. Out of the past due balances, RMB3,436,000, RMB8,012,000, RMB2,435,000 and RMB2,798,000 has been past due less than 90 days, RMB1,380,000, RMB4,181,000, RMB575,000 and RMB6,514,000 respectively has been past due 90 days or more. Those past due are not considered as in default as there has not been a significant change in credit quality and the amounts are considered recoverable.

Details of impairment assessment of trade receivables during the Track Record Period are set out in Note 41.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other receivables				
— Deposits	4,392	4,497	5,599	6,604
— Payments on behalf of employee	930	1,152	1,310	1,310
— Others	466	1,823	2,265	4,037
Less: Allowance for credit losses	(1,424)	(1,814)	(2,827)	(3,083)
Total other receivables	4,364	5,658	6,347	8,868
Prepayment to suppliers	3,297	7,314	9,880	8,786
Prepayments for [REDACTED] and issue costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid EIT	30,265	11,548	35,634	36,962
Deductible input VAT	116,361	78,947	106,130	84,671
Right to returned goods asset *(note)*	115,533	150,373	218,353	241,869
Deferred expenses related to [REDACTED] attempt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid advertising expenses	6,532	6,511	4,594	3,044
Prepaid interest on gold loans	1,643	841	1,661	2,329
Others	747	729	779	1,728
Total	278,742	261,921	399,406	404,722
Non-current:				
Other receivables				
— Deposits	5,336	4,455	4,187	4,781
Less: Allowance for credit losses	(1,378)	(1,358)	(634)	(1,040)
Total other receivables	3,958	3,097	3,553	3,741
Prepayment for acquisition of non-current assets	12,650	9,838	10,307	14,936
Right to returned goods asset *(note)*	42,321	34,068	27,642	18,067
Total	58,929	47,003	41,502	36,744

Details of impairment assessment of other receivables during the Track Record Period are set out in Note 41.

Note: The amounts included (i) an asset for the Group's right to recover products from customers for sale with a right of return/exchange, and (ii) gold products under lending arrangement to certain franchisees and provincial-dealers, where they are obliged to return gold products of the same type, quantity and quality to the Group or settle their obligations in cash or used gold products on the basis of the selling price of the lent gold products at maturity.

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other receivables				
— Deposits	500	350	350	350
— Payments on behalf of employee	20	25	28	19
— Others	75	75	75	75
Less: Allowance for credit losses	(183)	(236)	(266)	(266)
Total other receivables	412	214	187	178
Prepayment to suppliers	321	2,405	428	196
Prepayments for [REDACTED] and issue costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid EIT	4,232	7,255	31,764	31,764
Deductible input VAT	58,385	65,029	94,251	68,898
Right to returned goods asset	17,104	47,864	83,058	46,159
Deferred costs related to [REDACTED] attempt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid advertising expenses	3,376	4,509	150	604
Others	408	—	—	—
Total	84,238	127,276	225,866	164,264
Non-current:				
Other receivables				
— Deposits	2,820	2,820	2,820	2,820
Less: Allowance for credit losses	(141)	(141)	(141)	(141)
Total other receivables	2,679	2,679	2,679	2,679
Prepayment for acquisition of non-current assets	73	711	496	1,127
Total	2,752	3,390	3,175	3,806

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial products	6,011	—	—	—

As at December 31, 2021, the financial products were issued by banks in the PRC. The principals and returns of the financial products are not guaranteed. The financial products were classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

27. PLEDGED/RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
— Cash on hand	241	220	329	225
— Bank balances *(note i)*	133,795	200,148	134,822	291,754
— Balances with online payment platforms	905	461	1,073	10,965
— Surplus deposits with Shanghai Gold Exchange	18,577	24,530	19,642	61,090
	153,518	225,359	155,866	364,034
Pledged/restricted deposits *(note ii)*	569,476	369,555	528,795	444,102

Notes:

i. As at December 31, 2021, 2022 and 2023 and June 30, 2024, bank balances of the Group carried interest at market rates ranging from nil to 1.61%, nil to 1.61%, nil to 1.15% and nil to 1.15% per annum, respectively.

ii. As at December 31, 2021, 2022 and 2023 and June 30, 2024, pledged/restricted deposits mainly include bank deposits pledged to banks to secure banking facilities and security deposits for issuance of bills payable, gold loans and gold trading accounts, etc. The balances carried interest rates ranging from nil to 2.25%, nil to 2.25%, nil to 2.25% and nil to 2.25% per annum, respectively.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of pledged/restricted deposits of the Group of RMB442,706,000, RMB230,356,000, RMB327,250,000 and RMB239,785,000, respectively, are pledged to banks as collaterals for the Group's borrowings, gold loans and bills payable.

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
— Cash on hand	3	—	—	70
— Bank balances *(note i)*	20,029	94,144	17,544	58,952
— Surplus deposits with Shanghai Gold Exchange	13,921	9,352	7,878	37,091
	33,953	103,496	25,422	96,113
Pledged/restricted deposits *(note ii)*	216,655	55,700	132,453	119,162

Notes:

i. As at December 31, 2021, 2022 and 2023 and June 30, 2024, bank balances of the Company carried interest at market rates ranging from nil to 1.61%, nil to 1.61%, nil to 1.15% and nil to 1.15% per annum, respectively.

ii. As at December 31, 2021, 2022 and 2023 and June 30, 2024, pledged/restricted deposits include bank deposits pledged to banks to secure banking facilities and security deposits for gold trading accounts. The balances carried interest rates ranging from nil to 2.25%, nil, nil to 2.25% and nil to 2.25% per annum, respectively.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of pledged/restricted deposits of the Company of RMB151,105,000, nil, RMB30,675,000 and RMB30,328,000, respectively, are pledged to banks as collaterals for the Company's borrowings.

28. TRADE AND BILLS PAYABLES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable *(note)*	—	—	470,000	280,000
Trade payables	45,560	64,953	41,787	22,191
	45,560	64,953	511,787	302,191

Note: The bills payable were guaranteed by the controlling shareholders of the Company, Mr. Wang Zhongshan and Ms. Zhang Xiuqin, and certain subsidiaries of the Group. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released before the [REDACTED] of the Company on the Stock Exchange.

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	44,353	64,042	40,490	19,098
1–2 years	770	301	914	2,683
2–3 years	63	452	170	101
Over 3 years	374	158	213	309
	45,560	64,953	41,787	22,191

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

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	4,540	293	1,062	645

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	4,312	205	974	557
1–2 years	140	—	—	—
Over 3 years	88	88	88	88
	4,540	293	1,062	645

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
— deposits received	78,144	78,703	84,329	97,089
— accrued expenses	2,000	4,392	5,526	2,758
— accrued [REDACTED] and issue costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— rent and property fees payable	3	365	—	—
— others	1,062	1,150	1,893	3,610
Total other payables	81,209	84,610	92,277	107,823
Rent received in advance	2,756	3,274	2,693	1,891
Other tax payable	8,205	13,734	16,898	50,590
Salaries, welfare and bonus payable	25,088	21,369	27,274	21,999
	117,258	122,987	139,142	182,303

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
— deposits received	541	550	483	453
— accrued expenses	—	—	596	63
— accrued [REDACTED] and issue costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— others	9	17	9	192
Total other payables	550	567	1,617	5,074
Rent received in advance	1,432	184	604	120
Other tax payable	267	446	709	1,156
Salaries, welfare and bonus payable	547	661	959	521
	2,796	1,858	3,889	6,871

30. LEASE LIABILITIES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	12,028	9,600	7,711	11,276
Within a period of more than one year but not exceeding two years	10,799	4,564	5,692	8,247
Within a period of more than two years but not exceeding five years	5,377	4,059	2,589	3,477
	28,204	18,223	15,992	23,000
Analysed as:				
Amounts due for settlement within one year shown under current liabilities	12,028	9,600	7,711	11,276
Amounts due for settlement after one year shown under non-current liabilities	16,176	8,623	8,281	11,724

The lease liabilities of approximately RMB28,204,000, RMB17,028,000, RMB15,992,000 and RMB23,000,000, are secured by the rental deposits of approximately RMB2,690,000, RMB1,866,000, RMB2,422,000 and RMB2,212,000, respectively as at December 31, 2021, 2022 and 2023 and June 30, 2024.

The incremental borrowing rates applied to lease liabilities range from 5.22% to 5.88% for each of the years ended December 31, 2021, 2022 and 2023 respectively and 4.49% to 5.88% for the six months ended June 30, 2024.

31. BORROWINGS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	646,920	489,627	790,041	1,057,726
Bank borrowings relating to bills discounted with recourse	690,000	340,000	—	—
Other borrowings relating to a sale-and-leaseback transaction	—	—	—	8,480
Other borrowings pledged by trade receivables *(note iii)*	—	—	—	4,173
	1,336,920	829,627	790,041	1,070,379
Guaranteed and secured *(notes i & ii)*	1,168,178	579,356	569,820	588,734
Unguaranteed and secured *(note i)*	48,584	—	29,981	308,869
Guaranteed and unsecured *(note ii)*	120,158	250,271	190,240	172,776
	1,336,920	829,627	790,041	1,070,379

Notes:

i. The secured borrowings were secured by the pledge of certain bank deposits, property, plant and equipment (including properties owned by Mr. Wang Zhongshan, the controlling shareholder of the Company), right-of-use assets, investment properties, inventories, patents and/or trade receivables. The directors of the Company represented to us, the security provided by Mr. Wang Zhongshan will be released upon the [REDACTED] of the Company on the Stock Exchange.

ii. The guaranteed bank borrowings and other borrowings were guaranteed by the controlling shareholders of the Company, Mr. Wang Zhongshan, Ms. Zhang Xiuqin and/or Mr. Wang Guoxin (as at December 31, 2021 only), and certain subsidiaries of the Group. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released upon the [REDACTED] of the Company on the Stock Exchange.

iii. As at June 30, 2024, trade receivables amounting to RMB4,173,000 were pledged to obtain the borrowings amounting to RMB4,173,000.

Bank borrowings relating to bills discounted with recourse represented the cash received on bills receivables discounted to various banks with full recourse relates to discounted bills issued among subsidiaries of the Group for intra-group transactions.

The carrying amounts of the above bank borrowings are repayable within one year as at December 31, 2021, 2022 and 2023 and June 30, 2024 based on terms set out in the loan agreements.

The exposure of the Group's bank borrowings are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	1,336,920	829,627	790,041	1,070,379

As at December 31, 2021, 2022 and 2023 and June 30, 2024, borrowings carry interest at 1.78% to 5.83%, 2.08% to 5.83%, 3.60% to 5.51% and 3.25% to 7.92% per annum, respectively.

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	278,966	230,284	430,554	429,997
Guaranteed and secured *(notes i & ii)*	180,312	100,178	300,456	300,415
Unguaranteed and secured *(note i)*	48,584	—	29,981	100,132
Guaranteed and unsecured *(note ii)*	50,070	130,106	100,117	29,450
	278,966	230,284	430,554	429,997

Notes:

i. The secured bank borrowings were secured by the pledge of certain bank deposits, property, plant and equipment, and/or investment properties.

ii. The guaranteed bank borrowings were guaranteed by the controlling shareholders of the Company, Mr. Wang Zhongshan and Ms. Zhang Xiuqin, and certain subsidiaries of the Company. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released before the [REDACTED] of the Company on the Stock Exchange.

The carrying amounts of the above bank borrowings are repayable within one year as at December 31, 2021, 2022 and 2023 and June 30, 2024 based on terms set out in the loan agreements.

The exposure of the Company's bank borrowings are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	278,966	230,284	430,554	429,997

As at December 31, 2021, 2022 and 2023 and June 30, 2024, borrowings carry interest at 4.00% to 5.83%, 4.00% to 5.83%, 3.60% to 5.51% and 3.55% to 5.51% per annum, respectively.

32. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods	27,215	39,044	42,173	72,887

As at January 1, 2021, the carrying amounts of contract liabilities were approximately RMB7,078,000.

The contract liabilities were expected to be recognised as revenue in the next 12 months.

The following table shows how much of the revenue recognised related to carried forward contract liabilities during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in contract liability balance at the beginning of the year/period — sales of goods	6,687	26,910	39,006	38,958	41,396

33. GOLD LOANS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Gold loans	486,998	394,143	502,508	413,627

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

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

The gold loans were secured by the pledge of certain bank deposits, property, plant and equipment, right-of-use assets and/or investment properties and guaranteed by Mr. Wang Zhongshan, Ms. Zhang Xiuqin and/or Mr. Wang Guoxin, the controlling shareholders of the Company, and certain subsidiaries of the Group. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan, Ms. Zhang Xiuqin and/or Mr. Wang Guoxin will be released before the [REDACTED] of the Company on the Stock Exchange.

34. REFUND LIABILITIES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Refund liabilities	110,746	89,376	71,327	49,178
Analysed for reporting purposes as:				
Non-current liabilities	59,751	47,928	38,384	25,563
Current liabilities	50,995	41,448	32,943	23,615
	110,746	89,376	71,327	49,178

35. SHARE CAPITAL

	Number of shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1.00 each		
Issued and fully paid:		
At January 1, 2021 and December 31, 2021	224,900	224,900
Issue of ordinary shares *(note)*	4,167	4,167
At December 31, 2022 and 2023 and June 20,2024	229,067	229,067

Note: In August 2022, the Company issued 4,167,000 ordinary shares with preferred rights with a par value of RMB1.00 each to Citic Securities Investment Limited at a cash consideration of RMB50,000,000. In November 2022, a supplemental agreement was entered into among the Company, Citic Securities Investment Limited and the controlling shareholders of the Company, pursuant to which certain preferred rights including liquidation preference and joint and several liability guarantee provided by the Company were removed. Therefore, the shares issued to Citic Securities Investment Limited were reclassified from financial liabilities to equity, resulting in an increase of share capital of RMB4,167,000, and an amount of RMB45,833,000, being the excess of the cash consideration of RMB50,000,000 over the par value of RMB4,167,000 was credited to share premium.

36. EQUITY-SETTLED SHARE-BASED PAYMENTS

Restricted Stock Units Scheme

On March 28, 2016, a restricted stock unit scheme (the "**RSU Scheme**") was approved and adopted by the shareholders of Mokingran Gold Jewellery Group Limited ("**Mokingran Limited**", the former name of the Company prior to its conversion to a joint stock company (the "**Conversion**")).

The restricted stock units ("**RSUs**") were granted as share incentives to qualified employees of Mokingran Limited and its subsidiaries. In March 2016, Tianjin Jinmeng Enterprise Management Partnership (Limited Partnership)* (天津金夢企業管理合夥企業(有限合夥)), Tianjin Jinyuan Enterprise Management Partnership (Limited Partnership)* (天津金園企業管理合夥企業(有限合夥)) and Tianjin Jinlong Enterprise Management Partnership (Limited Partnership)* (天津金隆企業管理合夥企業(有限合夥)) (collectively, the "**RSU platforms**") were established in the PRC, respectively, as employee incentive platforms to hold the ordinary shares of Mokingran Limited for the Group's employees under the RSU Scheme. Following the Conversion, the RSU platforms were converted into shareholders of the Company.

Under the RSU Scheme, the RSUs granted will be vested in separate tranches on the third anniversary, the fourth anniversary and the fifth anniversary of the grant date at the proportion of 60%, 20% and 20%, on condition that the relevant employees remain in service without any performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder.

* *English name is for identification purpose only.*

The RSUs were granted to certain directors, supervisors and employees in March 2016 and August 2017, respectively. Movements of RSUs granted to the directors, supervisors and employees are as follows:

	Number of RSUs granted	Weighted average fair value per RSU
		(RMB)
Outstanding as at January 1, 2021	9,381,000	5.75
Vested during the year	(8,372,000)	5.65
Forfeited during the year	(52,000)	6.54
At December 31, 2021	957,000	6.54
Vested during the year	(665,000)	6.54
Forfeited during the year	(292,000)	6.54
At December 31, 2022 and 2023 and June 30, 2024	—	—

Details of RSUs held by the directors and supervisors included in the above table are as follows:

	Number of RSUs granted	Weighted average fair value per RSU
		(RMB)
Outstanding as at January 1, 2021	5,682,000	5.57
Vested during the year	(5,622,000)	5.57
At December 31, 2021	60,000	6.54
Vested during the year	(60,000)	6.54
At December 31, 2022 and 2023 and June 30, 2024	—	—

The fair values of each RSU granted in March 2016 and August 2017 are RMB5.54 and RMB6.54 respectively at the respective grant date. The fair value of each RSU is determined by reference to the fair value of the underlying ordinary shares of Mokingran Limited on the date of grant with the assistance of an independent professional valuation firm and discounted cash flow method under the income approach was used.

Share-based expenses of RMB2,268,000, RMB130,000, nil, nil(unaudited) and nil have been recognised in profit or loss for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively in relation to RSUs granted.

37. RETIREMENT BENEFITS SCHEME

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The Company and its PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions.

The retirement benefits cost charged to profit or loss of approximately RMB11,742,000, RMB15,431,000, RMB17,890,000, RMB8,426,000 (unaudited) and RMB9,935,000 for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, represents contributions paid/payable to the plan by the Group at rates specified in the rules of the plan.

During the Track Record Period, the Group had no forfeited contributions under the above retirement benefits scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at December 31, 2021, 2022 and 2023 and June 30, 2024 under such scheme which may be used by the Group to reduce the contribution payable in future years.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2021	1,195,642	36,243	1,231,885
Additions	—	1,397	1,397
Finance costs *(Note 10)*	42,287	1,926	44,213
Financing cash flows	98,991	(11,362)	87,629
At December 31, 2021	1,336,920	28,204	1,365,124
Additions	—	10,653	10,653
Lease modifications	—	(77)	(77)
Termination of leases	—	(8,754)	(8,754)
Finance costs *(Note 10)*	36,822	1,520	38,342
Covid-19-related rent concessions	—	(66)	(66)
Other non-cash movements	—	(1,082)	(1,082)
Financing cash flows	(544,115)	(12,175)	(556,290)
At December 31, 2022	829,627	18,223	847,850
Additions	—	8,666	8,666
Lease modifications	—	(23)	(23)
Termination of leases	—	(1,116)	(1,116)
Finance costs *(Note 10)*	44,927	935	45,862
Other non-cash movements	—	(1,672)	(1,672)
Financing cash flows	(84,513)	(9,021)	(93,534)
At December 31, 2023	790,041	15,992	806,033
Additions	—	12,043	12,043
Lease modifications	—	22	22
Termination of leases	—	(325)	(325)
Finance costs *(Note 10)*	25,225	561	25,786
Other non-cash movements	—	(679)	(679)
Financing cash flows	255,113	(4,614)	250,499
At June 30, 2024	1,070,379	23,000	1,093,379

	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	829,627	18,223	847,850
Lease modifications	—	350	350
Termination of leases	—	(221)	(221)
Finance costs *(Note 10)*	23,542	470	24,012
Other non-cash movements	—	(697)	(697)
Financing cash flows	278,162	(4,596)	273,566
At June 30, 2023 (Unaudited)	1,131,331	13,529	1,144,860

39. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,430	3,416	3,712	1,625
In the second year	2,552	3,072	915	273
In the third year	1,761	—	—	—
	6,743	6,488	4,627	1,898

40. CAPITAL COMMITMENTS

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the Group had the following capital commitments:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	12,061	8,835	8,252	9,990

41. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Financial assets at amortised cost	829,309	734,591	845,074	991,951
Financial assets at FVTPL	6,011	—	—	—
Financial liabilities:				
Financial liabilities at amortised cost	1,463,689	979,190	1,394,105	1,480,393
Lease liabilities	28,204	18,223	15,992	23,000

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Financial assets at amortised cost	320,569	184,965	177,940	373,169
Financial liabilities:				
Financial liabilities at amortised cost	1,246,369	1,042,743	1,113,331	1,370,897

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, financial assets at FVTPL, other receivables, pledged/restricted deposits, cash and cash equivalents, trade and bills payables, other payables and borrowings. The Company's major financial instruments included trade receivables, amounts due from subsidiaries, other receivables, pledged/restricted deposits, cash and cash equivalents, trade payables, amounts due to subsidiaries, other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk, commodity price risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Foreign currency risk*

Certain transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of each reporting period are as follows:

	Assets			
	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
US Dollar ("**USD**")	381	1,344	3,438	10,862
Euro ("**EUR**")	21	21	22	1
HKD	—	—	70	481
Australian Dollar	—	—	8	8

	Liabilities			
	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
USD	4,155	1,094	—	—
EUR	96	98	—	—
Japanese Yen	218	—	—	—

The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises. As at December 31 2021, 2022 and 2023, no sensitivity analysis is presented since the management of the Group considers the exposure of foreign currency risk would be immaterial.

As at June 30, 2024, the following table details the Group's sensitivity to a 5% increase and decrease in USD against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and] represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where USD strengthen 5% against RMB. For a 5% weakening of USD against RMB, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would become negative.

	USD Impact
	As at June 30, 2024
	RMB'000
Profit or loss/Other comprehensive income	407

(ii) *Interest rate risk*

The Group's and the Company's fair value interest rate risk relates primarily to pledged/restricted deposits (Note 27), fixed-rate borrowings (Note 31), gold loans (Note 33) and lease liabilities (Note 30). The Group's and the Company's cash flow interest rate risk are mainly concentrated on the fluctuation of interest rates on bank balances, which carry prevailing market interest rates. The Group and the Company manage interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. No sensitivity analysis on cash flow interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances is insignificant.

(iii) *Commodity price risk*

The Group is principally engaged in the sales of jewellery including gold products in the PRC. The gold market is influenced by global as well as regional supply and demand conditions. A significant decline in prices of gold could adversely affect the Group's financial performance. In order to reduce the commodity price risk, the Group uses gold loans as well as derivative financial instruments of gold contracts, such as Au (T+D) contracts, to reduce its exposure to fluctuations in the gold price on gold products. Should the gold price go up, the Group would recognise a loss representing the increase in gold price compared to the contract price, and largely net against the increase in turnover of gold products as a result of gold price increase.

The Au (T+D) contracts are settled on a daily basis and the differences between the contract price and market price are immediately recognised in the consolidated statements of profit or loss and other comprehensive income. The gold loans are settled at maturity which usually mature in 3 to 12 months from date of inception and the fair value changes are immediately recognised in the consolidated statements of profit or loss and other comprehensive income. The gold price exposures are monitored by management in a timely manner.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, if the market price of gold had increased/ decreased by 5%, post-tax profit for the Track Record Period, due to changes in fair values of gold loans, would have been approximately RMB18,262,000, RMB14,780,000, RMB18,844,000 and RMB15,511,000 lower/higher respectively.

(iv) *Other price risk*

The Group is exposed to price risk in respect of its financial products issued by banks classified as financial assets at FVTPL.

The management of the Group considers the fluctuation in fair value changes on financial products are insignificant, taking into account their short-term duration.

Credit risk

The Group's and the Company's exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is primarily attributable to trade receivables, other receivables, pledged/restricted deposits, cash and cash equivalents and financial products measured at FVTPL.

Except for financial products measured at FVTPL, the Group and the Company performed impairment assessment for financial assets under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

The Group's and the Company's pledged/restricted deposits and cash and cash equivalents are deposited with banks or exchange or online payment platforms with high credit ratings and the Group and the Company have limited exposure to any single financial institution or counterparty.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals, other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and summarising of the credit-impaired information for further impairment assessment. The Group's trade receivables are due from a large number of customers. As at December 31, 2021, 2022 and 2023 and June 30, 2024, less than 10% of the total trade receivables were due from the Group's top five customers, respectively. The management closely monitors the subsequent settlement of the customers.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets subject to ECL assessment
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets which are subject to ECL assessment:

The Group

	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
			As at December 31,			As at June 30,
			2021	2022	2023	2024
			RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost						
Trade receivables *(Note 24)*	N/A *(note i)*	Lifetime ECL (provision matrix)	103,673	132,775	150,573	171,292
	Loss	Lifetime ECL — credit-impaired	41,133	33,844	36,312	35,862
			144,806	166,619	186,885	207,154
Other receivables *(Note 25)*	Low risk	12m ECL	10,954	11,927	13,361	16,732
	Loss	Lifetime ECL — credit-impaired	170	—	—	—
			11,124	11,927	13,361	16,732
Pledged/restricted deposits *(Note 27)*	Low risk	12m ECL	569,476	369,555	528,795	444,102
Cash and cash equivalents *(Note 27)*	Low risk	12m ECL	153,518	225,359	155,866	364,034

The Company

	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
			As at December 31,			As at June 30,
			2021	2022	2023	2024
			RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost						
Trade receivables	N/A *(note i)*	Lifetime ECL (provision matrix)	—	514	29	642
Other receivables *(Note 25)*	Low risk	12m ECL	3,415	3,270	3,273	3,264
Amounts due from subsidiaries — trade *(Note 44)*	N/A *(note i)*	Lifetime ECL (provision matrix)	66,870	22,362	17,134	82,881
Amounts due from subsidiaries — non-trade *(Note 44)*	Low risk	12m ECL	—	—	36	71,514
Pledged/restricted deposits *(Note 27)*	Low risk	12m ECL	216,655	55,700	132,453	119,162
Cash and cash equivalents *(Note 27)*	Low risk	12m ECL	33,953	103,496	25,422	96,113

Note:

i. For trade receivables, the Group and the Company have applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables relating to customers with significant doubt on collection of receivables, the Group and the Company determine the ECL on these items on a collective basis, grouped by debtors' aging.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment because the debtors consist of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix. In addition, as at December 31, 2021, 2022 and 2023 and June 30, 2024, debtors with gross carrying amounts of RMB41,133,000, RMB33,844,000, RMB36,312,000 and RMB 35,862,000 were assessed individually.

The Group

	At December 31, 2021		At December 31, 2022		At December 31, 2023		At June 30, 2024	
Ageing	Loss rate	Trade receivables	Loss rate	Trade receivables	Loss rate	Trade receivables	Loss rate	Trade receivables
		RMB'000		RMB'000		RMB'000		RMB'000
Within 1 year	0.07%–0.24%	98,229	0.03%–0.07%	130,706	0.03%–0.04%	150,573	0.03%–0.05%	171,292
1–2 years	—	—	0.03%–5.14%	269	—	—	—	—
2–3 years	—	—	—	—	—	—	—	—
More than 3 years	100.00%	5,444	100.00%	1,800	100.00%	—	—	—
		103,673		132,775		150,573		171,292

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2021	21	34,391	34,412
Transfer to credit-impaired	(1)	1	—
Impairment losses recognised	216	13,321	13,537
Impairment losses reversed	—	(1,135)	(1,135)
Write-offs *(note)*	—	(1)	(1)
At December 31, 2021	236	46,577	46,813
Impairment losses recognised	2	—	2
Impairment losses reversed	(185)	(10,933)	(11,118)
At December 31, 2022	53	35,644	35,697
Impairment losses recognised	13	2,735	2,748
Impairment losses reversed	(6)	(2,067)	(2,073)
At December 31, 2023	60	36,312	36,372
Impairment losses recognised	34	—	34
Impairment losses reversed	(8)	(450)	(458)
At June 30, 2024	86	35,862	35,948

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

The Group

	12m ECL	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2021	1,837	170	2,007
Impairment losses recognised	869	—	869
Impairment losses reversed	(74)	—	(74)
At December 31, 2021	2,632	170	2,802
Impairment losses recognised	880	489	1,369
Impairment losses reversed	(340)	—	(340)
Write-offs *(note)*	—	(659)	(659)
At December 31, 2022	3,172	—	3,172
Transfer to credit-impaired	(112)	112	—
Impairment losses recognised	801	—	801
Impairment losses reversed	(400)	—	(400)
Write-offs *(note)*	—	(112)	(112)
At December 31, 2023	3,461	—	3,461
Impairment losses recognised	747	—	747
Impairment losses reversed	(85)	—	(85)
At June 30, 2024	4,123	—	4,123

The Company

	12m ECL
	RMB'000
At January 1, 2021	320
Impairment losses recognised	4
At December 31, 2021	324
Impairment losses recognised	53
At December 31, 2022	377
Impairment losses recognised	30
At December 31, 2023 and June 30, 2024	407

Note: The Group writes off a trade receivable or other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's and the Company's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or the Company can be required to pay.

The Group

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2021						
Financial liabilities						
Trade and bills payables	—	45,560	—	—	45,560	45,560
Other payables	—	81,209	—	—	81,209	81,209
Borrowings	1.78%–5.83%	1,353,623	—	—	1,353,623	1,336,920
Subtotal		1,480,392	—	—	1,480,392	1,463,689
Lease liabilities	5.22%–5.88%	12,407	11,801	6,326	30,534	28,204
Total		1,492,799	11,801	6,326	1,510,926	1,491,893

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022						
Financial liabilities						
Trade and bills payables	—	64,953	—	—	64,953	64,953
Other payables	—	84,610	—	—	84,610	84,610
Borrowings	2.08%–5.83%	838,715	—	—	838,715	829,627
Subtotal		988,278	—	—	988,278	979,190
Lease liabilities	5.22%–5.88%	9,900	4,984	4,724	19,608	18,223
Total		998,178	4,984	4,724	1,007,886	997,413

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Financial liabilities						
Trade and bills payables	—	511,787	—	—	511,787	511,787
Other payables	—	92,277	—	—	92,277	92,277
Borrowings	3.60%–5.51%	802,593	—	—	802,593	790,041
Subtotal		1,406,657	—	—	1,406,657	1,394,105
Lease liabilities	5.22%–5.88%	7,926	6,183	2,986	17,095	15,992
Total		1,414,583	6,183	2,986	1,423,752	1,410,097

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at June 30, 2024						
Financial liabilities						
Trade and bills payables	—	302,191	—	—	302,191	302,191
Other payables	—	107,823	—	—	107,823	107,823
Borrowings	3.25%–7.92%	1,085,449	—	—	1,085,449	1,070,379
Subtotal		1,495,463	—	—	1,495,463	1,480,393
Lease liabilities	4.49%–5.88%	11,591	8,893	3,931	24,415	23,000
Total		1,507,054	8,893	3,931	1,519,878	1,503,393

The Company

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2021						
Financial liabilities						
Trade payables	—	4,540	—	—	4,540	4,540
Other payables	—	550	—	—	550	550
Amounts due to subsidiaries	—	962,313	—	—	962,313	962,313
Borrowings	4.00%–5.83%	287,826	—	—	287,826	278,966
Total		1,255,229	—	—	1,255,229	1,246,369

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022						
Financial liabilities						
Trade payables	—	293	—	—	293	293
Other payables	—	567	—	—	567	567
Amounts due to subsidiaries	—	811,599	—	—	811,599	811,599
Borrowings	4.00%–5.83%	235,035	—	—	235,035	230,284
Total		1,047,494	—	—	1,047,494	1,042,743

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Financial liabilities						
Trade payables	—	1,062	—	—	1,062	1,062
Other payables	—	1,617	—	—	1,617	1,617
Amounts due to subsidiaries	—	680,098	—	—	680,098	680,098
Borrowings	3.60%–5.51%	435,856	—	—	435,856	430,554
Total		1,118,633	—	—	1,118,633	1,113,331

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at June 30, 2024						
Financial liabilities						
Trade payables	—	645	—	—	645	645
Other payables	—	5,074	—	—	5,074	5,074
Amounts due to subsidiaries	—	935,181	—	—	935,181	935,181
Borrowings	3.55%-5.51%	430,503	—	—	430,503	429,997
Total		1,371,403	—	—	1,371,403	1,370,897

Transfers of financial assets

As at December 31, 2021, 2022 and 2023 and June 30, 2024, bills receivable issued among subsidiaries of the Group for intra-group transactions amounting to RMB690,000,000, RMB340,000,000, nil and nil were transferred to banks by discounting those receivables on a full recourse basis to secure bank borrowings amounting to RMB690,000,000, RMB340,000,000 and nil and nil (see Note 31) and these bills receivable and the related intra-group payables have been eliminated in the Historical Financial Information.

Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs for fair value measurements.

Except for financial assets at FVTPL as set out below, there is no financial instrument measured at fair value on a recurring basis.

	Fair value as at					
	December 31,			June 30,	Fair value	Valuation technique(s)
Financial assets	2020	2021	2022	2024	hierarchy	and key input(s)
	RMB'000	RMB'000	RMB'000	RMB'000		
Financial assets at FVTPL						
Financial products	6,011	—	—	—	Level 2	Discounted cash flow. Future cash flows are estimated based on expected returns, discounted at a rate that reflects the credit risk of various counterparties.

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

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in Note 31, gold loans disclosed in Note 33, lease liabilities disclosed in Note 30, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new shares issues as well as raising of borrowings.

43. MAJOR NON-CASH TRANSACTIONS

For sale of gold products, the Group allows customers to use used gold products as part of the consideration for the transaction price. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, used gold as part of the consideration paid by franchisees and provincial-dealers amounted to RMB8,077,813,000, RMB5,797,415,000, RMB6,692,698,000, RMB2,316,822,000 (unaudited) and RMB2.701,083,000 respectively, and used gold paid by customers from self-operated stores amounted to RMB111,028,000, RMB96,691,000, RMB114,026,000, RMB61,379,000 (unaudited) and RMB58,938,000 respectively.

During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the Group entered into gold loan contracts with physical settlement amounting to RMB590,876,000, RMB478,542,000, RMB618,107,000, RMB506,658,000 (unaudited) and RMB 346,809,000 respectively and made settlement amounting to

RMB626,001,000, RMB580,310,000, RMB529,477,000, RMB416,933,000 (unaudited) and RMB415,252,000. Such borrowings and settlements, which are delivered by the inventories, are presented in the consolidated statements of cash flows as non-cash transactions.

During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the Group entered into certain new lease agreements for the use of leased properties. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB1,397,000, RMB10,653,000, RMB8,666,000, nil (unaudited) and RMB14,214,000 respectively during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

44. RELATED PARTY DISCLOSURES

(A) Related party transactions

During the Track Record Period, the Group and the Company have entered into the following transactions with related parties:

The Group

		For the year ended December 31,			For the six months ended June 30,	
Relationship	Nature of transaction	2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
The controlling shareholders	Short-term lease expenses	—	24	191	12	179

Except for short-term lease in which the Group applied recognition exemption, the Group has recognised an addition of right-of-use assets and lease liabilities of RMB1,480,000 for the lease of retail stores with the controlling shareholders during the year ended December 31, 2022. The lease was early terminated on June 30, 2023.

The Group's borrowings guaranteed by Mr. Wang Zhongshan, Ms. Zhang Xiuqin and/or Mr. Wang Guoxin (as at December 31, 2021 only), the controlling shareholders of the Company, and secured by properties owned by Mr. Wang Zhongshan, the controlling shareholder, as at December 31, 2021, 2022 and 2023 and June 30, 2024 amounted to RMB1,288,336,000, RMB829,627,000, RMB710,020,000 and RMB620,832,000, respectively. The directors of the Company represented to us, the guarantee and security provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released upon the [REDACTED] of the Company on the Stock Exchange.

The Group's bills payable guaranteed by Mr. Wang Zhongshan and Ms. Zhang Xiuqin, the controlling shareholders of the Company, as at December 31, 2023 and June 30, 2024 amounted to RMB470,000,000 and RMB60,000,000. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released upon the [REDACTED] of the Company on the Stock Exchange.

The Group's gold loans guaranteed by Mr. Wang Zhongshan, Ms. Zhang Xiuqin and/or Mr. Wang Guoxin (as at December 31, 2021 only), the controlling shareholders of the Company, as at December 31, 2021, 2022 and 2023 and June 30, 2024 amounted to RMB486,998,000, RMB394,143,000, RMB502,508,000 and RMB413,627,000, respectively. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released upon the [REDACTED] of the Company on the Stock Exchange.

The Company

Relationship	Nature of transaction	For the year ended December 31, 2021	2022	2023	For the six months ended June 30, 2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Subsidiaries	Purchase of processing services, gold jewellery, raw materials, etc.	375,751	66,613	181,333	127,975	114,329
Subsidiaries	Sales of gold jewellery, raw materials, machinery, etc.	5,860,620	5,135,197	5,682,559	3,093,866	2,478,213
Subsidiaries	Rental income	344	—	—	—	—

The Company's borrowings guaranteed by Mr. Wang Zhongshan and Ms. Zhang Xiuqin, the controlling shareholders of the Company, as at December 31, 2021, 2022 and 2023 and June 30, 2024 amounted to RMB230,382,000, RMB230,284,000, RMB350,533,000 and RMB350,484,000 respectively. The directors of the Company represented to us, the guarantee provided by Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be released upon the [REDACTED] of the Company on the Stock Exchange.

(B) Related party balances

The Company

Amounts due from subsidiaries:

	As at December 31, 2021	2022	2023	As at June 30, 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade *(note i)*	66,870	22,362	17,134	82,881
Non-trade *(note ii)*	—	—	36	71,514
	66,870	22,362	17,170	154,395

Notes:

i. The amounts are aged within one year based on dates of delivery at the end of each reporting period.

ii. The amounts are unsecured, interest-free, and repayable on demand.

Amounts due to subsidiaries:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade *(note i)*	653,283	283,006	23,385	—
Non-trade *(note ii)*	309,030	528,593	656,713	935,181
	962,313	811,599	680,098	935,181

Notes:

i. The amounts are aged within one year based on the invoice date as at the end of each reporting period.

ii. The amounts are unsecured, interest-free, and repayable on demand.

(C) Remuneration of key management personnel of the Group

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other allowances	3,214	3,242	3,394	1,746	1,837
Performance-based bonuses	1,555	1,575	1,826	788	659
Retirement benefits scheme	196	214	385	125	170
Equity-settled share-based payments expense	1,133	12	—	—	—
	6,098	5,043	5,605	2,659	2,666

45A. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion ownership interest and voting power held by the Company as at					Principal activities	Direct/ indirect
			December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	Date of the report		
Shandong Yifu *(Note i)* 山東億福金業珠寶首飾有限公司	The PRC August 2, 2007	RMB 76,614,000.00	100%	100%	100%	100%	100%	Jewellery production	Direct
Shandong Mokingran Jewellery Limited* *(Note ii)* 山東夢金園珠寶首飾有限公司	The PRC April 5, 2004	RMB 60,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Shandong Mokingran E-Commerce Limited* *(Note vii)* 山東夢金園電子商務有限公司	The PRC December 12, 2014	RMB 3,000,000.00	100%	100%	100%	100%	100%	Jewellery retail	Indirect
Shenzhen Mokingran E-Commerce Limited* *(Note iii)* 深圳夢金園電子商務有限公司	The PRC August 22, 2018	RMB 3,000,000.00	51%	51%	51%	51%	51%	Jewellery retail	Indirect
Shanghai Yuanjunmeng Diamond Limited* *(Note vii)* 上海緣君夢鑽石有限公司	The PRC December 3, 2014	RMB 1,000,000.00	100%	100%	100%	100%	100%	Diamond wholesale	Indirect
HONG KONG MOKINGRAN JEWELLERY GROUP LIMITED *(Note iv)* 香港夢金園國際珠寶集團有限公司	Hong Kong April 25, 2003	HKD 2,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Indirect
Beijing Mokingran Jewellery Limited* *(Note vii)* 北京夢金園珠寶首飾有限公司	The PRC August 21, 2017	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Guangdong Mokingran Jewellery Limited* *(Note vii)* 廣東夢金園珠寶首飾有限公司	The PRC August 1, 2017	RMB 2,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Jinan Mokingran Gold Jewellery Limited* *(Note vii)* 濟南夢金園黃金珠寶有限公司	The PRC June 17, 2011	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Nanjing Mokingran Jewellery Limited* *(Note vii)* 南京夢金園珠寶首飾有限公司	The PRC September 24, 2013	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Zhengzhou Mokingran Jewellery Limited* *(Note vii)* 鄭州夢金園珠寶首飾有限公司	The PRC August 3, 2015	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Shenyang Mokingran Jewellery Limited* *(Note v)* 瀋陽市夢金園珠寶首飾有限公司	The PRC April 7, 2015	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion ownership interest and voting power held by the Company as at December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	Date of the report	Principal activities	Direct/ indirect
Hangzhou Mokingran Jewellery Limited* *(Note vii)* 杭州夢金園珠寶首飾有限公司	The PRC August 26, 2016	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Tianjin Mokingran Jewellery Limited* *(Note vi)* 天津夢金園珠寶首飾有限公司	The PRC November 27, 2015	RMB 10,000,000.00	100%	100%	100%	100%	100%	Jewellery retail	Direct
Tianjin Zongyi Technology Development Limited* *(Note vii)* 天津宗儀科技研發有限公司	The PRC March 21, 2014	RMB 10,000,000.00	100%	100%	100%	100%	100%	Jewellery wholesale	Direct
Zhongbao Zhengxin Gold & Silver Jewellery Testing Limited* *(Note vii)* 中寶正信金銀珠寶首飾檢測有限公司	The PRC March 26, 2013	RMB 50,000,000.00	100%	100%	100%	100%	100%	Jewellery testing	Direct
Changle Chengxin Gold Limited* *(Note vii)* 昌樂誠信黃金有限公司	The PRC September 8, 2003	RMB 40,000,000.00	100%	100%	100%	100%	100%	Jewellery retail	Direct
Jinan Chengxin Mokingran Jewellery Limited* *(Note vii)* 濟南誠信夢金園珠寶首飾有限公司	The PRC May 15, 2019	RMB 1,000,000.00	100%	100%	100%	100%	100%	Jewellery retail	Indirect
Beijing Chengxin Mokingran Jewellery Limited* *(Note vii)* 北京誠信夢金園珠寶首飾有限公司	The PRC March 9, 2010	RMB 5,000,000.00	100%	100%	100%	100%	100%	Jewellery retail	Direct
Shenzhen Mokingran Jewellery Limited* *(Note vii)* 深圳市夢金園珠寶首飾有限公司	The PRC December 10, 2010	RMB 80,000,000.00	98.50%	100%	100%	100%	100%	Jewellery wholesale	Direct
Lhasa Jinqianhui Technology Limited* *(Note vii)* 拉薩金千匯科技有限公司	The PRC April 1, 2024	RMB 300,000.00/ RMB 1,000,000.00	—	—	—	51%	51%	Jewellery retail	Indirect
Changle Mokingran Jewellery Limited* *(Note vii)* 昌樂夢金園珠寶有限公司	The PRC April 11, 2024	RMB 1,000,000.00	—	—	—	100%	100%	Jewellery wholesale	Direct
Shanghai Mokingran Jewellery Limited* *(Notes vii & viii)* 上海夢金園黃金珠寶有限公司	The PRC September 24, 2013	RMB 10,000,000.00	—	—	—	—	—	Jewellery wholesale	Direct
Guangdong Jinmengyuan Jewellery Limited* *(Notes vii & viii)* 廣東金夢園珠寶首飾有限公司	The PRC August 3, 2015	RMB 10,000,000.00	—	—	—	—	—	Jewellery wholesale	Direct

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date. None of the subsidiaries had any debt securities outstanding as at December 31, 2021, 2022 and 2023 and June 30, 2024 or at any time during the Track Record Period.

Notes:

i. The subsidiary is a limited liability company. The financial statements of Shandong Yifu for the years ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Beijing Xintuo Zixin Certified Public Accountants Co., Ltd* (北京信拓孜信會計師事務所有限公司) and Changle Zhengfang Certified Public Accountants Co., Ltd* (昌樂正方會計師事務所有限責任公司), respectively. No audited statutory financial statements were prepared for Shandong Yifu for the year ended December 31, 2023 as there are no statutory audit requirements.

ii. The subsidiary is a limited liability company. The financial statements of Shandong Mokingran Jewellery Limited for the year ended December 31, 2021 and 2023 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shandong Shiji Yuanfei Certified Public Accountants* (山東世紀鳶飛會計師事務所). The financial statements of Shandong Mokingran Jewellery Limited for the year ended December 31, 2022 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Changle Zhengfang Certified Public Accountants Co., Ltd* (昌樂正方會計師事務所有限責任公司).

iii. The subsidiary is a limited liability company. The financial statements of Shenzhen Mokingran E-Commerce Limited for the years ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Guangdong Xingbai Certified Public Accountants (General Partnership)* (廣東省興百會計師事務所(普通合夥)). No audited statutory financial statements were prepared for Shenzhen Mokingran E-Commerce Limited for the year ended December 31, 2023 as there are no statutory audit requirements.

iv. The subsidiary is a limited liability company. The financial statements of HONG KONG MOKINGRAN JEWELLERY GROUP LIMITED for the years ended December 31, 2021, 2022 and 2023 were prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and were audited by Chu Sau Wai, Certified Public Accountant (Practising).

v. The subsidiary is a limited liability company. The financial statements of Shenyang Mokingran Jewellery Limited for the years ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Changle Zhengfang Certified Public Accountants Co., Ltd* (昌樂正方會計師事務所有限責任公司). No audited statutory financial statements were prepared for Shenyang Mokingran Jewellery Limited for the year ended December 31, 2023 as there are no statutory audit requirements.

vi. The subsidiary is a limited liability company. The financial statements of Tianjin Mokingran Jewellery Limited for the years ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Changle Zhengfang Certified Public Accountants Co., Ltd* (昌樂正方會計師事務所有限責任公司). No audited statutory financial statements were prepared for Tianjin Mokingran Jewellery Limited for the year ended December 31, 2023 as there are no statutory audit requirements.

vii. No audited statutory financial statements were prepared for these subsidiaries for the Track Record Period as there are no statutory audit requirements.

viii. The subsidiary was deregistered during the year ended December 31, 2021.

* *English name is for identification purpose only.*

45B. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investments	1,730,510	1,733,125	1,725,125	1,726,125

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The increase in investments in subsidiaries at December 31, 2022 was due to further capital contribution to subsidiaries of RMB2,615,000 during the year ended December 31, 2022. The decrease in investments in subsidiaries at December 31, 2023 was due to capital reduction of a subsidiary of RMB8,000,000 during the year ended December 31, 2023. The increase in investments in subsidiaries at June 30, 2024 was due to capital contribution to a new subsidiary of RMB1,000,000 during the six months ended June 30, 2024

46. RESERVES OF THE COMPANY

	Share premium	Share-based payments reserve	Statutory reserve	(Accumulated losses)/retained profits	Total
	RMB'0000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	465,249	68,846	3,726	(1,896)	535,925
Profit and total comprehensive income for the year	—	—	—	450,632	450,632
Recognition of equity-settled share-based payments	—	2,268	—	—	2,268
Appropriation to statutory reserve	—	—	44,873	(44,873)	—
	—	2,268	44,873	(44,873)	2,268
At December 31, 2021	465,249	71,114	48,599	403,863	988,825
Profit and total comprehensive income for the year	—	—	—	54,917	54,917
Issue of shares	45,833	—	—	—	45,833
Recognition of equity-settled share-based payments	—	130	—	—	130
Appropriation to statutory reserve	—	—	5,492	(5,492)	—
Dividend declared	—	—	—	(78,715)	(78,715)
	45,833	130	5,492	(84,207)	(32,752)
At December 31, 2022	511,082	71,244	54,091	374,573	1,010,990
Profit and total comprehensive income for the year	—	—	—	128,999	128,999
Appropriation to statutory reserve	—	—	12,900	(12,900)	—
At December 31, 2023	511,082	71,244	66,991	490,672	1,139,989
Loss and total comprehensive income for the period	—	—	—	(30,307)	(30,307)
Dividend declared	—	—	—	(91,627)	(91,627)
At June 30, 2024	511,082	71,244	66,991	368,738	1,018,055

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to June 30, 2024.