Zhou Liu Fu Jewellery Co., Ltd.

Audited Financial Statements

31 December 2022, 2023 and 2024

Zhou Liu Fu Jewellery Co., Ltd.

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Independent auditor's report
To the directors of Zhou Liu Fu Jewellery Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Zhou Liu Fu Jewellery Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 94, which comprise the consolidated and company statements of financial position as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, 2023 and 2024, and of the Group's consolidated financial performance and its consolidated cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in notes 2.1 to the consolidated financial statements.

Basis for opinion

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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Independent auditor's report (continued)

To the directors of Zhou Liu Fu Jewellery Co., Ltd.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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Independent auditor's report (continued)

To the directors of Zhou Liu Fu Jewellery Co., Ltd.

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

Restriction on distribution and use

These consolidated financial statements are prepared for the purpose of preparation of financial information for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.

Ernst & Young

Ernst & Young
Certified Public Accountants
Hong Kong
18 June 2025

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	**2022** **RMB'000**	**2023** **RMB'000**	**2024** **RMB'000**
REVENUE	5	3,101,690	5,149,601	5,718,195
Cost of sales		(1,901,602)	(3,798,706)	(4,239,356)
Gross profit		1,200,088	1,350,895	1,478,839
Other income and gains	5	55,262	52,619	38,054
Selling and marketing expenses		(394,315)	(469,552)	(486,299)
Administrative expenses		(98,256)	(92,439)	(115,368)
Research and development expenses		(9,462)	(9,935)	(12,553)
Other expenses, net		(8,179)	3,289	(8,078)
Finance costs	7	(2,144)	(2,446)	(9,397)
PROFIT BEFORE TAX	6	742,994	832,431	885,198
Income tax expense	10	(167,753)	(172,737)	(178,886)
PROFIT FOR THE YEAR		575,241	659,694	706,312
Attributable to:				
Owners of the Company		575,241	659,694	706,312
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted (RMB)	12	1.57	1.80	1.89

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2022 RMB'000	2023 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	575,241	659,694	706,312
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(3)	129	2,231
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(3)	129	2,231
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	575,238	659,823	708,543
Attributable to:			
Owners of the Company	575,238	659,823	708,543

Zhou Liu Fu Jewellery Co., Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	65,482	70,792	136,519
Investment properties	14	5,574	5,188	92,679
Right-of-use assets	15(a)	153,978	149,584	156,329
Other intangible assets	16	3,369	3,815	4,118
Prepayments, other receivables and other assets	19	15,112	9,032	154,465
Debt investments	20	168,244	337,484	98,851
Deferred tax assets	28	14,107	15,412	12,859
Total non-current assets		425,866	591,307	655,820
CURRENT ASSETS				
Inventories	17	1,614,741	1,912,683	2,318,011
Trade receivables	18	231,072	238,382	209,867
Prepayments, other receivables and other assets	19	95,676	144,767	178,598
Financial assets at fair value through profit or loss	21	-	-	33,530
Cash and bank balances	22	217,480	188,064	561,745
Total current assets		2,158,969	2,483,896	3,301,751
CURRENT LIABILITIES				
Trade payables	23	36,096	35,521	37,806
Other payables and accruals	24	184,020	201,207	196,523
Contract liabilities	25	353,122	381,174	345,823
Interest-bearing bank and other borrowings	26	-	84,123	612,754
Gold loans	27	-	-	42,982
Lease liabilities	15(b)	17,453	18,062	24,762
Tax payable		67,103	73,527	69,836
Total current liabilities		657,794	793,614	1,330,486
NET CURRENT ASSETS		1,501,175	1,690,282	1,971,265
TOTAL ASSETS LESS CURRENT LIABILITIES		1,927,041	2,281,589	2,627,085
NON-CURRENT LIABILITIES				
Lease liabilities	15(b)	21,802	17,510	20,980
Interest-bearing bank and other borrowings	26	-	-	28,299
Other payables and accruals	24	200	455	200
Total non-current liabilities		22,002	17,965	49,479
NET ASSETS		1,905,039	2,263,624	2,577,606
EQUITY				
Equity attributable to owners of the Company				
Share capital	29	366,174	366,174	378,713
Reserves	31	1,538,865	1,897,450	2,198,893
Total equity		1,905,039	2,263,624	2,577,606

Director

Director

Zhou Liu Fu Jewellery Co., Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent						
	Share capital RMB'000 (note 29)	**Share premium and other reserve* RMB'000** (note 31)	**Share-based payment reserve* RMB'000** (note 31)	**Exchange fluctuation reserve* RMB'000** (note 31)	**Statutory surplus reserve* RMB'000** (note 31)	**Retained profits* RMB'000**	**Total equity RMB'000**
At 1 January 2022	366,174	58,640	24,828	-	132,620	740,175	1,322,437
Profit for the year	-	-	-	-	-	575,241	575,241
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	(3)	-	-	(3)
Total comprehensive income for the year	-	-	-	(3)	-	-	(3)
Share-based payments	-	-	7,364	-	-	-	7,364
Transfer from retained profits	-	-	-	-	38,990	(38,990)	-
At 31 December 2022	366,174	58,640	32,192	(3)	171,610	1,276,426	1,905,039

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Year ended 31 December 2023

	Attributable to owners of the parent						
	Share capital RMB'000 (note 29)	**Share premium and other reserve* RMB'000** (note 31)	**Share-based payment reserve* RMB'000** (note 31)	**Exchange fluctuation reserve* RMB'000** (note 31)	**Statutory surplus reserve* RMB'000** (note 31)	**Retained profits* RMB'000**	**Total equity RMB'000**
At 1 January 2023	366,174	58,640	32,192	(3)	171,610	1,276,426	1,905,039
Profit for the year	-	-	-	-	-	659,694	659,694
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	129	-	-	129
Total comprehensive income for the year	-	-	-	129	-	-	129
Dividend declared (note 11)	-	-	-	-	-	(300,263)	(300,263)
Share-based payments	-	-	(975)	-	-	-	(975)
Transfer from retained profits	-	-	-	-	11,477	(11,477)	-
At 31 December 2023	366,174	58,640	31,217	126	183,087	1,624,380	2,263,624

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital RMB'000 (note 29)	**Share premium and other reserve* RMB'000** (note 31)	**Share-based payment reserve* RMB'000** (note 31)	**Exchange fluctuation reserve* RMB'000** (note 31)	**Statutory surplus reserve* RMB'000** (note 31)	**Retained profits* RMB'000**	**Total equity RMB'000**
At 1 January 2024	366,174	58,640	31,217	126	183,087	1,624,380	2,263,624
Profit for the year	-	-	-	-	-	706,312	706,312
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	2,231	-	-	2,231
Total comprehensive income for the year	-	-	-	2,231	-	-	2,231
Issue of shares	12,539	232,461	-	-	-	-	245,000
Dividend declared (note 11)	-	-	-	-	-	(644,466)	(644,466)
Share-based payments	-	-	4,905	-	-	-	4,905
Transfer from retained profits	-	-	-	-	6,269	(6,269)	-
At 31 December 2024	378,713	291,101	36,122	2,357	189,356	1,679,957	2,577,606

* These reserve accounts comprise the consolidated reserves of RMB1,538,865,000, RMB1,897,450,000 and RMB2,198,893,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		742,994	832,431	885,198
Adjustments for:				
Interest income	5	(10,920)	(16,451)	(7,401)
Investment income	5	(738)	-	(116)
Gains on debt restructuring	5	-	-	(2,235)
Losses arising from changes in the fair values		-	-	1,211
Finance costs	7	2,144	2,446	9,397
(Gain)/loss on disposal of items of property, plant and equipment and other assets		(76)	(543)	28
Impairment/(reversal of impairment) of trade receivables	18	7,458	(4,441)	(55)
Impairment of prepayments, other receivables and other assets	19	105	575	343
Write-down of inventories to net realisable value	17	7,480	12,610	8,664
Depreciation of property, plant and equipment	13	17,108	21,139	25,339
Depreciation of investment properties	14	386	386	1,153
Depreciation of right-of-use assets	15(a)	19,184	24,708	32,113
Amortisation of other intangible assets and other assets		4,052	8,255	8,194
Covid-19-related rent concession from a lessor		(314)	-	-
Equity-settled share-based payments	31	7,364	(975)	4,905
		796,227	880,140	966,738
Increase in inventories		(375,800)	(310,552)	(373,266)
(Increase)/decrease in trade receivables		(31,033)	(2,869)	28,580
Increase in prepayments, other receivables and other assets		(52,582)	(46,178)	(42,040)
(Increase)/decrease in restricted deposits		(9,450)	(436)	9,521
(Decrease)/increase in trade payables		(2,177)	(575)	2,285
(Decrease)/increase in other payables and accruals		(7,332)	18,864	(1,696)
(Decrease)/increase in contract liabilities		(28,292)	28,052	(35,350)
Cash generated from operations		289,561	566,446	554,772
Interest received		8,500	7,623	15,337
Income tax paid		(159,124)	(170,186)	(180,024)
Net cash flows from operating activities		138,937	403,883	390,085

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment and other assets		238	1,068	106
Proceeds from maturity of financial assets at fair value through profit or loss		245,782	-	76,000
Purchases of financial assets at fair value through profit or loss		(245,000)	-	(106,000)
Proceeds from redemption of certificates of deposits and time deposits		740,000	440,000	1,097,223
Purchases of certificates of deposits and time deposits		(906,012)	(600,413)	(1,236,660)
Proceeds of deposit for leasehold land acquisition		17,260	-	-
Payments of deposit for leasehold land acquisition		(17,260)	-	-
Purchases of items of property, plant and equipment, leasehold land and other assets		(163,364)	(33,541)	(324,194)
Payments of deposit for the construction		-	-	(12,118)
Net cash flows used in investing activities		(328,356)	(192,886)	(505,643)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares		-	-	245,000
New bank and other borrowings		-	84,033	1,006,580
Repayment of bank and other borrowings		-	-	(449,869)
Payment of lease deposits		(1,633)	(731)	(1,153)
Payments of lease liabilities	15(b)	(19,935)	(23,378)	(30,611)
Payments of listing expenses		(2,445)	-	(3,928)
Payments of deposit for the gold loans		-	-	(2,068)
Dividends paid		-	(300,263)	(644,466)
Interest paid		-	(452)	(7,132)
Net cash flows (used in)/from financing activities		(24,013)	(240,791)	112,353
NET DECREASE IN CASH AND CASH EQUIVALENTS		(213,432)	(29,794)	(3,205)
Cash and cash equivalents at beginning of the year		421,077	207,642	177,978
Effect of foreign exchange rate changes, net		(3)	130	2,221
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22	207,642	177,978	176,994
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	22	207,642	177,978	176,994

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	1	100,420	104,769	287,719
Property, plant and equipment	13	29,837	26,693	71,620
Investment properties	14	-	-	87,879
Right-of-use assets	15(a)	143,221	138,806	130,315
Other intangible assets	16	2,871	3,155	3,119
Prepayments, other receivables and other assets	19	14,543	7,204	154,214
Debt investments	20	168,244	337,484	98,851
Deferred tax assets	28	11,832	12,258	10,539
Total non-current assets		470,968	630,369	844,256
CURRENT ASSETS				
Inventories	17	988,372	1,092,710	1,026,077
Trade receivables	18	147,472	108,614	48,087
Due from subsidiaries	36	443,376	670,515	965,011
Prepayments, other receivables and other assets	19	44,686	64,810	55,881
Financial assets at fair value through profit or loss	21	-	-	33,350
Cash and bank balances	22	190,005	97,575	75,894
Total current assets		1,813,911	2,034,224	2,204,300
CURRENT LIABILITIES				
Trade payables	23	15,766	21,383	28,942
Due to subsidiaries	36	206,038	431,779	632,447
Other payables and accruals	24	137,951	138,488	131,907
Contract liabilities	25	296,158	293,156	261,835
Interest-bearing bank and other borrowings	26	-	64,634	242,754
Gold loans	27	-	-	42,982
Lease liabilities	15(b)	11,412	11,810	9,683
Tax payable		51,727	50,033	45,829
Total current liabilities		719,052	1,011,283	1,396,379
NET CURRENT ASSETS		1,094,859	1,022,941	807,921
TOTAL ASSETS LESS CURRENT LIABILITIES		1,565,827	1,653,310	1,652,177
NON-CURRENT LIABILITIES				
Lease liabilities	15(b)	17,054	13,043	10,399
Interest-bearing bank and other borrowings	26	-	-	28,299
Other payables and accruals	24	200	455	200
Total non-current liabilities		17,254	13,498	38,898
NET ASSETS		1,548,573	1,639,812	1,613,279
EQUITY				
Equity attributable to owners of the Company				
Share capital	29	366,174	366,174	378,713
Reserves	31	1,182,399	1,273,638	1,234,566
Total equity		1,548,573	1,639,812	1,613,279

Director

Director

1. CORPORATE INFORMATION

Zhou Liu Fu Jewellery Co., Ltd. (the “Company”) is a company established in the People’s Republic of China (“PRC”) with limited liability. The address of the registered office of the Company is located at 2301-2409, Zhongguan Business Building, No. 3031 Taibai Road, Dongxiao Street, Dongxiao Community, Luohu District, Shenzhen, Guangdong, PRC.

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

At the end of the Relevant Periods, the Company had direct or indirect interests in its major subsidiaries, the Group’s subsidiaries registered in the PRC are limited liability companies while others (incorporated in Hong Kong) are private limited liability companies, which are set out below:

Name	Place and date of registration and commencement of business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zhou Liu Fu E-Commerce Co., Ltd.周六福电子商务有限公司*(note a)	PRC/Chinese Mainland, 25 May 2017	RMB50,000,000	100%	-	Sales to e-commerce platforms
Shenzhen Zhou Liu Fu Retail E-Commerce Co., Ltd.深圳市周六福零售电商有限公司*(note a)	PRC/Chinese Mainland, 30 May 2022	RMB20,000,000	-	100%	Sales under the self-operated e-commerce stores
Zhou Liu Fu Jewellery Sales (Chongqing) Co., Ltd.周六福珠宝销售(重庆)有限公司*(note a)	PRC/Chinese Mainland, 17 Oct 2019	RMB10,000,000	100%	-	Product sales and brand operations under the franchise business
Zhou Liu Fu Jewellery (Chongqing) Co., Ltd.周六福珠宝(重庆)有限公司*(note a)	PRC/Chinese Mainland, 22 Mar 2021	RMB10,000,000	100%	-	Sales of products in self-operated stores

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as these entities did not register any official English names.

Notes:

a. No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024.

The Company

The carrying amounts of the Company’s investments in subsidiaries:

	31 December 2022 RMB’000	31 December 2023 RMB’000	31 December 2024 RMB’000
Investments, at cost	100,420	104,769	287,719

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the Relevant Periods.

The financial statements has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES

Investments in subsidiaries

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

Fair value measurement

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)
or

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

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

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

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

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

Leasehold improvements	Over the lease terms
Buildings	4.75%
Plant and machinery	9.50%
Motor vehicles	9.50%
Furniture, fixtures and equipment	19.00%-31.67%

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, which comprises its purchase price and any directly attributable costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of investment properties to its residual value over its estimated useful life. The annual rate used for this purpose is 5.94% to 11.01%.

Intangible assets (other than goodwill)

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

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

Software	10 years

Research and development costs

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	30 years
Office premises, buildings and stores	1 year to 10 years

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

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

Group as a lessor

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining far value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

Stage 1- Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2- Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3- Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gold loans

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

Gold loans to be repaid by cash are designated as financial liabilities at fair value through profit or loss as the gold loans form part of a contract containing one or more embedded derivatives. Gold loans to be repaid by physical gold are classified as liabilities at fair value through profit or loss.

Gain or losses on gold loans are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these liabilities.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

Income tax

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

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Revenue from contracts with customers (continued)

(a) Sales of goods in self-operated retail stores and E-commerce stores

The Group operates a chain of self-operated retail stores and E-commerce stores to sell jewelry products. Revenue from the sales of goods is recognised at the point in time when the product is transferred to the customer who takes the product in the self-operated retail stores or sent to the address specified by the customers.

(b) Sale of goods to franchisees

The Group sells a range of jewelry products to franchisees. Revenue from the sales of goods is recognised at the point in time when control of the product is transferred to franchisees. The franchisees have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Control is transferred when the risks of obsolescence and loss have been transferred to the franchisees, and either the franchisees have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(c) Sale of goods to E-commerce platforms

The Group sells a range of jewelry products through E-commerce platforms, which is similar to the consignment sales. The Group obtains the right to settle with the E-commerce platforms after (i) the platforms sell the products to end consumers and (ii) the Group receives the corresponding account statements. The control of the products and the risks and rewards associated with the products are considered being transferred to the platforms at the point when the Group obtains the right to settle with platforms.

(d) Provision of franchising services, product admission services, supply chain management and others

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

Besides, the Group charges supply chain management fee from authorised suppliers in exchange for the right to provide jewelry products to franchisees, which is calculated based on a pre-set price per gram or a pre-set percentage of the cost of the jewelry purchased by the franchisees from these authorised suppliers. Revenue from the provision of supply chain management fee is recognised at the point in time when the product is certified and transferred to franchisees.

Other related services comprise decoration management fee and other services fee. Revenue from those services is recognised at the point in time when those services are rendered.

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

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

Share-based payments

The Company operates a stock incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they granted.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension schemes

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

Borrowing costs

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

Dividends

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

The functional currencies of certain subsidiaries operating outside Chinese Mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the reporting period.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Identification of a customer and gross versus net revenue recognition

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is given in note 17 to the financial statements.

Share-based payments

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

Geographical information

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

Information about major customers

Revenue of approximately RMB283,165,000, RMB461,240,000 and RMB637,687,000 for the years ended 31 December 2022, 2023 and 2024 was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

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

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022 RMB'000	**2023 RMB'000**	**2024 RMB'000**
Types of goods or services			
Sales of goods			
Gold jewelry	1,664,470	3,722,926	4,429,673
Diamond-set jewelry and others	634,498	591,761	437,060
Provision of services	802,722	834,914	851,462
Total revenue from contracts with customers	3,101,690	5,149,601	5,718,195
Timing of revenue recognition			
Goods transferred at a point in time	2,298,968	4,314,687	4,866,733
Services transferred at a point in time	105,732	130,087	139,311
Services transferred over time	696,990	704,827	712,151
Total revenue from contracts with customers	3,101,690	5,149,601	5,718,195

Most of the revenues of the Group from external customers are generated in the Chinese Mainland.

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

	2022 RMB'000	**2023 RMB'000**	**2024 RMB'000**
Provision of services	358,931	344,801	356,609
Sales of goods	3,168	2,269	12,362
Total	362,099	347,070	368,971

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue (continued)

(ii) Performance obligations

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

Sales of goods
The performance obligation is satisfied upon taking or delivery of the products in self-operate retail store and E-commerce stores and payments are usually settled in cash, by credit/debit cards, through online payment platforms or through shopping malls. Shopping mall usually settle the payment monthly upon checking the sales records agreed by the Group while online platforms settle on daily basis. The performance obligation of sale of goods to franchisees is satisfied upon delivery to their sites and the payment in advance is generally required. The Group may grant a credit period ranging from 15 to 30 days to certain franchisees and a credit period ranging from 30 to 60 days to certain premium or strategically important franchisees. Credit periods extended to these franchisees are subject to a monetary limit. The performance obligation of sale of goods to e-commerce platforms is satisfied upon delivery of the products and the payment is typically settled within 30 working days after invoice date.

Provision of services
The performance obligation of franchising services and product admission services is satisfied over time as services are rendered and payment in advance is generally required. The performance obligation of supply chain management fee is satisfied when the product is certified and transferred to franchisees and the payment is generally settled after five days of invoice issued to authorised suppliers. The performance obligation of other related services is satisfied upon completion of service.

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

5. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Other income			
Government grants*	22,746	19,514	20,708
Interest income	10,920	16,451	7,401
Investment income	738	-	116
Others	242	362	115
Total other income	34,646	36,327	28,340
Gains			
Compensation for breach of contracts	10,865	6,190	4,687
Compensation for civil litigation	9,400	8,961	1,202
Gains on debt restructuring	-	-	2,235
Fair value gains on listed equity investments	-	-	1,044
Gain on disposal of items of property, plant and equipment and other assets	76	543	-
Foreign exchange differences	4	-	-
Others	271	598	546
Total gains	20,616	16,292	9,714
Total other income and gains	55,262	52,619	38,054

* Government grants have been received from local government authorities as subsidies by the Group, which mainly represent the subsidies related to operating activities.

6. PROFIT BEFORE TAX

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

	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cost of inventories sold[1]		1,867,707	3,763,485	4,213,594
Cost of services provided		33,895	35,221	25,762
Depreciation of property, plant and equipment[2]	13	17,108	21,139	25,339
Depreciation of right-of-use assets[2]	15(a)	19,184	24,708	32,113
Amortisation of intangible assets and other non-current assets[2]		4,052	8,255	8,194
Lease payments not included in the measurement of lease liabilities	15(c)	20,063	25,422	23,295
Covid-19-related rent concessions from lessors	15(c)	(314)	-	-
Gain on disposal of property, plant and equipment and other assets[3]		(76)	(543)	-
Loss on disposal of property, plant and equipment and other assets[5]		-	-	28
Fair value gains on listed equity investments [3]		-	-	(1,044)
Fair value loss on gold loans[5]		-	-	2,255
Gains on debt restructuring		-	-	(2,235)
Listing expense		-	-	24,532
Employee benefit expenses (excluding directors' and supervisors' remuneration in note 8):				
Wages and salaries		178,607	204,915	193,481
Pension scheme contributions		10,766	12,004	11,542
Equity-settled share-based payments		7,364	(975)	4,905
Impairment of trade receivables, net[5]	18	7,458	(4,441)	(55)
Impairment of prepayments, other receivables and other assets[5]	19	105	575	343

1 The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.
2 The depreciation of property, plant and equipment and right-of-use assets and the amortisation of intangible assets and other assets are included in "Selling and marketing expenses", "Administrative expenses" and "research and development expenses" in the statement of profit or loss, respectively.
3 The amounts are included in "Other income and gains" in the statement of profit or loss.
4 The amounts are included in "Administrative expenses" in the statement of profit or loss.
5 The amounts are included in "Other expenses" in the statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Interest on bank loans	-	542	7,109
Interest on gold loans	-	-	242
Interest on lease liabilities	2,144	1,904	2,046
Total	2,144	2,446	9,397

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of each of these directors and supervisors as recorded in the financial statements of the Group is set out below:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Fees	158	113	13
Salaries, allowances and benefits in kind	3,385	3,458	3,300
Pension scheme contributions	163	178	179
Equity-settled share-based payments	2,540	474	3,506
Total	6,246	4,223	6,998

(a) Independent non-executive directors

The fees paid to independent non-executive directors as recorded in the financial statements of the Group is set out below:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Independent non-executive directors:			
Mr. Li Shigang *****	79	33	-
Mr. Zhang Zhihong *****	79	80	13
Mr. Lau Kwok Fan ******	-	-	-
Ms. Yang Lan ******	-	-	-
Mr. Guo Qiuquan ******	-	-	-
Total	158	113	13

* Mr. Li Shigang and Mr. Zhang Zhihong were appointed on 25 October 2021 and resigned as non-executive directors on 23 February 2024.

** Mr. Lau Kwok Fan, Ms. Yang Lan and Mr. Guo Qiuquan were appointed as non-executive directors on 26 April 2024.

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

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors, non-executive director and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Year ended 31 December 2022					
Executive directors:					
Mr. Li Weizhu (Chairman) *	-	529	40	1,244	1,813
Mr. Li Weipeng *	-	529	37	-	566
Mr. Xie Mingyu *	-	1,432	45	1,173	2,650
Total	-	2,490	122	2,417	5,029
Year ended 31 December 2023					
Executive directors:					
Mr. Li Weizhu (Chairman) *	-	497	49	695	1,241
Mr. Li Weipeng *	-	552	43	-	595
Mr. Xie Mingyu *	-	1,472	46	(195)	1,323
Total	-	2,521	138	500	3,159
Year ended 31 December 2024					
Executive directors:					
Mr. Li Weizhu (Chairman) *	-	585	19	2,257	2,861
Mr. Li Weipeng *	-	441	47	-	488
Mr. Xie Mingyu *	-	1,231	50	989	2,270
Mr. Zhong Xipeng **	-	236	19	132	387
Non-executive directors:					
Ms. Zhong Yingqin ***	-	-	-	-	-
Total	-	2,493	135	3,378	6,006

* Mr. Li Weizhu, Mr. Li Weipeng and Mr. Xie Mingyu were appointed as executive directors on 25 October 2021.

** Mr. Zhong Xipeng was appointed as executive director on 26 April 2024.

*** Ms. Zhong Yingqin was appointed as non-executive director on 26 April 2024.

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

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(c) Supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Year ended 31 December 2022					
Ms. Li Caiping *****	-	408	20	76	504
Ms. Lin Liuzhi *****	-	272	12	47	331
Mr. Ni Xuepeng *****	-	215	9	-	224
Total	-	895	41	123	1,059
Year ended 31 December 2023					
Ms. Li Caiping *****	-	418	19	(16)	421
Ms. Lin Liuzhi *****	-	302	12	(10)	304
Mr. Ni Xuepeng *****	-	217	9	-	226
Total	-	937	40	(26)	951
Year ended 31 December 2024					
Ms. Li Caiping *****	-	360	20	79	459
Ms. Lin Liuzhi *****	-	244	14	49	307
Mr. Ni Xuepeng *****	-	203	10	-	213
Total	-	807	44	128	979

* Ms. Li Caiping, Ms. Lin Liuzhi and Mr. Ni Xuepeng were appointed as supervisors on 25 October 2021.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2022, 2023 and 2024 included two, two and two directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining highest paid employees who are neither a director, chief executive nor a supervisor of the Company for each of the Relevant Periods are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,812	3,988	2,953
Pension scheme contributions	75	56	122
Equity-settled share-based payments	1,012	(41)	1,414
Total	3,899	4,003	4,489

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

	2022	2023	2024
HKD1,000,001 to HKD1,500,000	2	1	1
HKD1,500,001 to HKD2,000,000	-	2	2
HKD2,000,001 to HKD2,500,000	1	-	-
Total	3	3	3

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

10. INCOME TAX EXPENSE

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

PRC Corporate Income Tax

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the Company and certain subsidiaries which operate in Chinese Mainland were subject to CIT Law at a rate of 25% on the taxable income during each of the Relevant Periods.

Zhou Liu Fu E-Commerce Co., Ltd., is qualified as a modern service cooperation in the Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. Accordingly, the subsidiary was entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Zhou Liu Fu Jewellery Sales (Chongqing) Co., Ltd., and Zhou Liu Fu Jewellery (Chongqing) Co., Ltd., are qualified enterprises in Western Development of China by the relevant tax authorities. Accordingly, these subsidiaries were entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Shenzhen Xiaoyudi Information Technology Co., Ltd., was qualified as software development enterprise in the industry. Accordingly, the subsidiary was exempted from corporate income tax in 2022, and was entitled to a preferential corporate income tax of 12.5% in 2023 and 2024. Shenzhen Xiaoyudi Information Technology Co., Ltd. was qualified as high-tech certified entity by the relevant tax authorities at the end of 2024 and will be subject to a preferential income tax rate of 15% for the next three years.

Certain subsidiaries are qualified as small low-profit entities by the relevant tax authorities. These subsidiaries were subject to a preferential income tax rate of 2.5%, 5% or 10% during the Relevant Periods.

Hong Kong Profits Tax

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

10. INCOME TAX EXPENSE (continued)

The income tax expenses for the Relevant Periods are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Current	170,340	174,042	176,333
Deferred (note 28)	(2,587)	(1,305)	2,553
Total	167,753	172,737	178,886

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

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Profit before tax	742,994	832,431	885,198
Tax at the statutory tax rate	185,749	208,108	221,300
Effect of preferential tax rates	(21,863)	(33,146)	(43,395)
Expenses not deductible for tax	919	1,210	1,236
Equity-settled share-based payments not deductible for tax	1,841	(244)	1,226
Additional deduction of research and development expenses	(597)	(777)	(779)
Adjustments in respect of current tax of previous years	-	(132)	-
Tax losses utilised from previous years	(24)	-	(334)
Deductible temporary differences and tax losses not recognised	1,933	(2,266)	(355)
Effect of tax rate changes on deferred tax assets	(205)	(14)	-
Income not subject to tax	-	(2)	(13)
Tax charge at the Group's effective rate	167,753	172,737	178,886

11. DIVIDENDS

The declared dividends which were approved by the Company's shareholders during the Relevant Periods are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Dividends declared and paid	-	300,263	644,466

Pursuant to the shareholder's resolution dated in March 2025, dividend of RMB196.9 million was declared.

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

The calculation of the basic earnings per share amounts is based on the profit for the each of the Relevant Periods attributable to ordinary equity holders of the Company, and the weighted average numbers of ordinary shares of 366,174,073, 366,174,073 and 372,888,655 during the Relevant Periods, respectively.

No adjustment has been made to the basic earnings per share amounts presented for each of the Relevant Periods for a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of basic earnings per share is based on:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Earnings:			
Profit attributable to ordinary equity holders of the Company	575,241	659,694	706,312
		Number of shares	
	2022	2023	2024
Shares:			
Weighted average number of ordinary shares in issue during the year	366,174,073	366,174,073	372,888,655

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
31 December 2022						
At 1 January 2022:						
Cost	35,271	26,029	1,962	4,727	16,826	84,815
Accumulated depreciation	(17,746)	(2,188)	(941)	(1,408)	(8,484)	(30,767)
Net carrying amount	17,525	23,841	1,021	3,319	8,342	54,048
At 1 January 2022, net of accumulated depreciation	17,525	23,841	1,021	3,319	8,342	54,048
Additions	24,342	-	-	285	4,192	28,819
Disposal	(88)	-	(129)	-	(60)	(277)
Depreciation provided during the year	(12,127)	(1,537)	(159)	(446)	(2,839)	(17,108)
At 31 December 2022, net of accumulated depreciation	29,652	22,304	733	3,158	9,635	65,482
At 31 December 2022:						
Cost	59,415	26,029	1,760	5,012	20,710	112,926
Accumulated depreciation	(29,763)	(3,725)	(1,027)	(1,854)	(11,075)	(47,444)
Net carrying amount	29,652	22,304	733	3,158	9,635	65,482

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold improvements RMB'000	**Buildings RMB'000**	**Plant and machinery RMB'000**	**Motor vehicles RMB'000**	**Furniture, fixtures and equipment RMB'000**	**Construction in progress RMB'000**	**Total RMB'000**
31 December 2023							
At 1 January 2023:							
Cost	59,415	26,029	1,760	5,012	20,710	-	112,926
Accumulated depreciation	(29,763)	(3,725)	(1,027)	(1,854)	(11,075)	-	(47,444)
Net carrying amount	29,652	22,304	733	3,158	9,635	-	65,482
At 1 January 2023, net of accumulated depreciation	29,652	22,304	733	3,158	9,635	-	65,482
Additions	17,099	-	-	-	5,166	4,642	26,907
Disposal	(205)	-	(65)	-	(188)	-	(458)
Depreciation provided during the year	(15,849)	(1,537)	(127)	(448)	(3,178)	-	(21,139)
At 31 December 2023, net of accumulated depreciation	30,697	20,767	541	2,710	11,435	4,642	70,792
At 31 December 2023:							
Cost	74,994	26,029	1,639	5,012	24,819	4,642	137,135
Accumulated depreciation	(44,297)	(5,262)	(1,098)	(2,302)	(13,384)	-	(66,343)
Net carrying amount	30,697	20,767	541	2,710	11,435	4,642	70,792

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold improvements RMB'000	**Buildings RMB'000**	**Plant and machinery RMB'000**	**Motor vehicles RMB'000**	**Furniture, fixtures and equipment RMB'000**	**Construction in progress RMB'000**	**Total RMB'000**
31 December 2024							
At 1 January 2024:							
Cost	74,994	26,029	1,639	5,012	24,819	4,642	137,135
Accumulated depreciation	(44,297)	(5,262)	(1,098)	(2,302)	(13,384)	-	(66,343)
Net carrying amount	30,697	20,767	541	2,710	11,435	4,642	70,792
At 1 January 2024, net of accumulated depreciation	30,697	20,767	541	2,710	11,435	4,642	70,792
Additions	23,868	15,557	137	1,126	1,389	49,219	91,296
Disposal	-	-	-	-	(230)	-	(230)
Depreciation provided during the year	(19,482)	(1,860)	(119)	(469)	(3,409)	-	(25,339)
At 31 December 2024, net of accumulated depreciation	35,083	34,464	559	3,367	9,185	53,861	136,519
At 31 December 2024:							
Cost	98,862	41,586	1,776	6,138	25,689	53,861	227,912
Accumulated depreciation	(63,779)	(7,122)	(1,217)	(2,771)	(16,504)	-	(91,393)
Net carrying amount	35,083	34,464	559	3,367	9,185	53,861	136,519

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Leasehold improvements RMB'000	**Plant and machinery RMB'000**	**Motor vehicles RMB'000**	**Furniture, fixtures and equipment RMB'000**	**Total RMB'000**
31 December 2022					
At 1 January 2022:					
Cost	28,907	1,698	3,216	10,594	44,415
Accumulated depreciation	(13,998)	(874)	(925)	(5,910)	(21,707)
Net carrying amount	14,909	824	2,291	4,684	22,708
At 1 January 2022, net of accumulated depreciation	14,909	824	2,291	4,684	22,708
Additions	15,402	106	8	3,315	18,831
Disposal	(88)	(59)	-	(53)	(200)
Depreciation provided during the year	(9,349)	(137)	(295)	(1,721)	(11,502)
At 31 December 2022, net of accumulated depreciation	20,874	734	2,004	6,225	29,837
At 31 December 2022:					
Cost	44,111	1,694	3,224	13,631	62,660
Accumulated depreciation	(23,237)	(960)	(1,220)	(7,406)	(32,823)
Net carrying amount	20,874	734	2,004	6,225	29,837

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	44,111	1,694	3,224	13,631	-	62,660
Accumulated depreciation	(23,237)	(960)	(1,220)	(7,406)	-	(32,823)
Net carrying amount	20,874	734	2,004	6,225	-	29,837
At 1 January 2023, net of					-	
accumulated depreciation	20,874	734	2,004	6,225		29,837
Additions	2,429	-	-	1,533	4,642	8,604
Disposal	(205)	(65)	-	(292)	-	(562)
Depreciation provided during					-	
the year	(8,804)	(127)	(296)	(1,959)		(11,186)
At 31 December 2023, net of					4,642	
accumulated depreciation	14,294	542	1,708	5,507		26,693
At 31 December 2023:						
Cost	45,020	1,573	3,224	13,875	4,642	68,334
Accumulated depreciation	(30,726)	(1,031)	(1,516)	(8,368)	-	(41,641)
Net carrying amount	14,294	542	1,708	5,507	4,642	26,693

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	45,020	1,573	3,224	13,875	4,642	68,334
Accumulated depreciation	(30,726)	(1,031)	(1,516)	(8,368)	-	(41,641)
Net carrying amount	14,294	542	1,708	5,507	4,642	26,693
At 1 January 2024, net of accumulated depreciation	14,294	542	1,708	5,507	4,642	26,693
Additions	1,713	137	6	478	49,219	51,553
Disposal	-	-	-	(385)	-	(385)
Depreciation provided during the year	(4,296)	(119)	(237)	(1,589)	-	(6,241)
At 31 December 2024, net of accumulated depreciation	11,711	560	1,477	4,011	53,861	71,620
At 31 December 2024:						
Cost	46,733	1,710	3,230	13,467	53,861	119,001
Accumulated depreciation	(35,022)	(1,150)	(1,753)	(9,456)	-	(47,381)
Net carrying amount	11,711	560	1,477	4,011	53,861	71,620

The Group assessed whether any indication of impairment for property, plant and equipment existed at the end of each year or period during the Track Record Period in accordance with IAS 36 *Impairment of Assets*. Based on the assessment results, the value in use exceeds the carrying amounts of property, plant and equipment, resulting in no impairment being recognised.

14. INVESTMENT PROPERTIES

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Carrying amount at beginning of the year	5,960	5,574	5,188
Additions	-	-	88,644
Depreciation provided during the year	(386)	(386)	(1,153)
Carrying amount at end of the year	5,574	5,188	92,679

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Carrying amount at beginning of the year	-	-	-
Additions	-	-	88,644
Depreciation provided during the year	-	-	(765)
Carrying amount at end of the year	-	-	87,879

The Group's investment properties are located in Luohu District, Shenzhen. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15. The properties are measured initially and subsequently at cost. Depreciation of the Group is calculated on the straight-line basis of 9 to 16 years. At the end of each of the Relevant Periods, the fair value of the Group's investment properties are within level 3 hierarchy and approximately RMB5,608,000, RMB5,215,000 and RMB93,831,000, respectively.

15. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

Group

	Leasehold land RMB'000	**Office premises, buildings and stores RMB'000**	**Total RMB'000**
As at 1 January 2022	-	32,070	32,070
Additions	117,213	24,873	142,086
Depreciation charge	(651)	(18,533)	(19,184)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(994)	(994)
As at 31 December 2022 and 1 January 2023	116,562	37,416	153,978
Additions	2,589	18,274	20,863
Depreciation charge	(3,973)	(20,735)	(24,708)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(549)	(549)
As at 31 December 2023 and 1 January 2024	115,178	34,406	149,584
Additions	30	41,917	41,947
Depreciation charge	(3,995)	(28,118)	(32,113)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(3,089)	(3,089)
As at 31 December 2024	111,213	45,116	156,329

15. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

Company

	Leasehold land RMB'000	Office premises, buildings and stores RMB'000	Total RMB'000
As at 1 January 2022	-	28,376	28,376
Additions	117,213	12,956	130,169
Depreciation charge	(651)	(13,711)	(14,362)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(962)	(962)
As at 31 December 2022 and 1 January 2023	116,562	26,659	143,221
Additions	2,589	10,246	12,835
Depreciation charge	(3,973)	(13,049)	(17,022)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(228)	(228)
As at 31 December 2023 and 1 January 2024	115,178	23,628	138,806
Additions	30	7,726	7,756
Depreciation charge	(3,995)	(11,932)	(15,927)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(320)	(320)
As at 31 December 2024	111,213	19,102	130,315

The Company's leasehold land with a net carrying amount of RMB111,213,000 as at 31 December 2024 was pledged to secure bank loans (note 26).

The Group assessed whether any indication of impairment for right-of-use assets existed at the end of each year or period during the Track Record Period in accordance with IAS 36 *Impairment of Assets*. Based on the assessment results, the value in use exceeds the carrying amounts of right-of-use assets, resulting in no impairment being recognised.

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the Relevant Periods are as follows:

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Carrying amount at beginning of the year	33,596	39,255	35,572
New leases	24,873	18,274	41,917
Accretion of interest recognised during the year	2,144	1,904	2,046
Covid-19-related rent concessions from lessors	(314)	-	-
Payments	(19,935)	(23,378)	(30,611)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,109)	(483)	(3,182)
Carrying amount at end of the year	39,255	35,572	45,742
Analysed into:			
Current portion	17,453	18,062	24,762
Non-current portion	21,802	17,510	20,980

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Carrying amount at beginning of the year	29,674	28,466	24,853
New leases	12,956	10,246	7,726
Accretion of interest recognised during the year	1,692	1,346	964
Covid-19-related rent concessions from lessors	(230)	-	-
Payments	(14,531)	(15,059)	(13,129)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,095)	(146)	(332)
Carrying amount at end of the year	28,466	24,853	20,082
Analysed into:			
Current portion	11,412	11,810	9,683
Non-current portion	17,054	13,043	10,399

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

15. LEASES (continued)

The Group as a lessee (continued)

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

Group

	2022 RMB'000	**2023 RMB'000**	**2024 RMB'000**
Interest on lease liabilities	2,144	1,904	2,046
Depreciation charge of right-of-use assets	19,184	24,708	32,113
Expense relating to short-term leases	20,063	25,422	23,295
Covid-19-related rent concessions from lessors	(314)	-	-
Total amount recognised in profit or loss	41,077	52,034	57,454

(d) Extension and termination options

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

The Group as a lessor

The Group leases its properties mostly in Shenzhen under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Relevant Period was RMB565,000, RMB620,000 and RMB1,725,000, respectively.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December 2022 RMB'000	**31 December 2023 RMB'000**	**31 December 2024 RMB'000**
Within one year	676	305	3,439
After one year but within two years	305	30	1,558
After two years but within three years	30	-	1,550
After three years	-	-	2,842
Total	1,011	335	9,389

16. OTHER INTANGIBLE ASSETS

	Group Software RMB'000	Company Software RMB'000
31 December 2022		
At 1 January 2022:		
Cost	4,851	4,043
Accumulated amortisation and impairment	(1,456)	(1,114)
Net carrying amount	3,395	2,929
At 1 January 2022, net of accumulated amortisation and impairment	3,395	2,929
Additions	505	385
Amortisation provided during the year	(531)	(443)
At 31 December 2022, net of accumulated amortisation	3,369	2,871
At 31 December 2022:		
Cost	5,356	4,428
Accumulated amortisation	(1,987)	(1,557)
Net carrying amount	3,369	2,871
31 December 2023		
At 1 January 2023:		
Cost	5,356	4,428
Accumulated amortisation and impairment	(1,987)	(1,557)
Net carrying amount	3,369	2,871
At 1 January 2023, net of accumulated amortisation and impairment	3,369	2,871
Additions	1,547	752
Amortisation provided during the year	(1,101)	(468)
At 31 December 2023, net of accumulated amortisation	3,815	3,155
At 31 December 2023:		
Cost	6,903	5,180
Accumulated amortisation	(3,088)	(2,025)
Net carrying amount	3,815	3,155

16. OTHER INTANGIBLE ASSETS (continued)

	Group Software RMB'000	Company Software RMB'000
31 December 2024		
At 1 January 2024:		
Cost	6,903	5,180
Accumulated amortisation and impairment	(3,088)	(2,025)
Net carrying amount	3,815	3,155
At 1 January 2024, net of accumulated amortisation and impairment	3,815	3,155
Additions	1,253	504
Amortisation provided during the year	(950)	(540)
At 31 December 2024, net of accumulated amortisation	4,118	3,119
At 31 December 2024:		
Cost	8,156	5,684
Accumulated amortisation	(4,038)	(2,565)
Net carrying amount	4,118	3,119

The Group assessed whether any indication of impairment for other intangible assets existed at the end of each year or period during the Track Record Period in accordance with IAS 36 *Impairment of Assets*. Based on the assessment results, the value in use exceeds the carrying amounts of other intangible assets, resulting in no impairment being recognised.

17. INVENTORIES

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Finished goods	1,192,504	1,320,324	1,563,074
Raw materials	230,608	237,759	198,447
Work in progress	6,418	49,510	88,238
Goods in transit	185,211	305,090	468,252
Total	1,614,741	1,912,683	2,318,011

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Finished goods	690,043	691,583	583,393
Raw materials	203,086	227,677	156,097
Work in progress	6,433	49,525	88,238
Goods in transit	88,810	123,925	198,349
Total	988,372	1,092,710	1,026,077

Write-downs of inventories to net realisable value amounted to RMB7,480,000, RMB12,610,000 and RMB8,664,000 during the Relevant Periods, respectively. These were included in “Profit before tax” in the consolidated statement of profit or loss for the Relevant Periods.

18. TRADE RECEIVABLES

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Trade receivables	261,028	263,519	226,802
Impairment	(29,956)	(25,137)	(16,935)
Net carrying amount	231,072	238,382	209,867

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Trade receivables	166,726	125,272	56,998
Impairment	(19,254)	(16,658)	(8,911)
Net carrying amount	147,472	108,614	48,087

The Group's trade receivables are usually generated from sales through franchisees, e-commerce platforms and customers whose sales proceeds are collected by shopping malls and online platforms. Shopping malls usually settle the payment monthly upon checking the sales records agreed by the Group while online platforms settle on daily basis. The Group may grant a credit period ranging from 15 to 30 days to certain franchisees and a credit period ranging from 30 to 60 days to certain premium or strategically important franchisees. Credit periods extended to these franchisees are subject to a monetary limit. In addition. the payments of e-commerce platforms are typically settled within 30 days after invoice date. Trade receivables are non-interest-bearing.

The fair value of trade receivables at the end of each of the Relevant Periods approximated to their corresponding carrying amount due to their relatively short maturity terms.

18. TRADE RECEIVABLES (continued)

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

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Within 1 year	227,399	234,706	201,918
1 to 2 years	3,605	3,510	7,627
2 to 3 years	68	166	322
Total	231,072	238,382	209,867

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Within 1 year	144,265	105,554	40,392
1 to 2 years	3,139	2,894	7,563
2 to 3 years	68	166	132
Total	147,472	108,614	48,087

18. TRADE RECEIVABLES (continued)

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

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
At beginning of the year	22,506	29,956	25,137
Impairment losses, net	7,458	(4,441)	(55)
Exchange realignment	-	-	(11)
Amount written-off as uncollectible	(8)	(378)	(8,136)
At end of the year	29,956	25,137	16,935

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
At beginning of the year	15,970	19,254	16,658
Impairment losses, net	3,288	(2,545)	(131)
Amount written-off as uncollectible	(4)	(51)	(7,616)
At end of the year	19,254	16,658	8,911

Note:
The Group and the Company has written off the amounts of RMB8,136,000 and RMB 7,616,000, respectively, in connection with the debt restructuring of Better Life Commercial Chain Share Co., Ltd. ("Better Life") and received shares issued by Better Life which is set out in note 21 to the financial statements.

Group and Company

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

18. TRADE RECEIVABLES (continued)

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

Group

At 31 December 2022

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	9.23%	61.67%	88.69%	100.00%	11.48%
Gross carrying amount (RMB'000)	250,512	9,405	601	510	261,028
Expected credit losses (RMB'000)	23,113	5,800	533	510	29,956

At 31 December 2023

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	7.77%	49.66%	87.71%	100.00%	9.54%
Gross carrying amount (RMB'000)	254,483	6,973	1,351	712	263,519
Expected credit losses (RMB'000)	19,777	3,463	1,185	712	25,137

At 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	4.45%	31.68%	87.14%	100.00%	7.47%
Gross carrying amount (RMB'000)	211,318	11,164	2,504	1,816	226,802
Expected credit losses (RMB'000)	9,400	3,537	2,182	1,816	16,935

18. TRADE RECEIVABLES (continued)

Company

At 31 December 2022

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	10.09%	39.10%	88.69%	100.00%	11.55%
Gross carrying amount (RMB'000)	160,461	5,154	601	510	166,726
Expected credit losses (RMB'000)	16,196	2,015	533	510	19,254

At 31 December 2023

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	11.25%	34.64%	86.19%	100.00%	13.30%
Gross carrying amount (RMB'000)	118,930	4,428	1,202	712	125,272
Expected credit losses (RMB'000)	13,376	1,534	1,036	712	16,658

At 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate (%)	5.75%	31.62%	89.59%	100.00%	15.63%
Gross carrying amount (RMB'000)	42,854	11,060	1,268	1,816	56,998
Expected credit losses (RMB'000)	2,462	3,497	1,136	1,816	8,911

The fluctuation of the ECL rates during the Relevant Periods was mainly due to the difference of individual provisions of each year. The change in the ECL rates in the time band of 1 to 2 years were due to individual provisions for certain shopping malls and franchisees. Except that, there was no significant change in the ECL rates for the time band during the Relevant Periods, which was mainly due to the reason that no significant changes in the historical default rates of trade receivables, economic conditions and performance and behaviour of the debtors were noted, based on which the ECL rates are determined.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Current			
Prepayments	16,076	26,054	22,407
Deposits	10,957	13,871	15,129
Other receivables	1,177	2,957	2,969
Advance payment of corporate income tax	57	2,625	190
Value-added tax recoverable	67,611	99,508	133,058
Listing expenses	-	-	5,132
Subtotal	95,878	145,015	178,885
Impairment allowance	(202)	(248)	(287)
Total	95,676	144,767	178,598
Non-current			
Prepayments for long-term assets (Note)	823	1,862	140,153
Advertising endorsement fee	14,150	7,075	14,151
Other assets	139	95	161
Total	15,112	9,032	154,465

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Current			
Prepayments	13,302	16,412	13,840
Deposits	5,668	4,688	4,291
Other receivables	679	1,693	1,484
Value-added tax recoverable	25,182	42,161	31,298
Listing expenses	-	-	5,132
Subtotal	44,831	64,954	56,045
Impairment allowance	(145)	(144)	(164)
Total	44,686	64,810	55,881
Non-current			
Prepayments for long-term assets (Note)	254	69	140,063
Advertising endorsement fee	14,150	7,075	14,151
Other assets	139	60	-
Total	14,543	7,204	154,214

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

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

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
At beginning of the year	180	202	248
Impairment losses	105	575	343
Amount written-off as uncollectible	(83)	(529)	(299)
Exchange realignment	-	-	(5)
At end of the year	202	248	287

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
At beginning of the year	149	145	144
Impairment losses	59	297	316
Amount written-off as uncollectible	(63)	(298)	(296)
At end of the year	145	144	164

Note:

The amounts of prepayments for long-term assets as at 31 December 2024 mainly related to the acquisition of buildings. The Group has obtained the property ownership certificates for these long-term assets subsequent to the reporting period.

20. DEBT INVESTMENTS

Group and Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Negotiable certificates of deposits	168,244	337,484	98,851

The Group has negotiable certificates of deposits with an interest rate of 2.30% to 3.25% as at 31 December 2022, 2023 and 2024.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Investments in financial products, at fair value (Note)	-	-	30,250
Investments in listed equity investment, at fair value	-	-	3,280
Total	-	-	33,530

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Investments in financial products, at fair value (Note)	-	-	30,250
Investments in listed equity investment, at fair value	-	-	3,100
Total	-	-	33,350

Note:
The investment as at 31 December 2024 represented investment in structured deposit which was issued by bank with expected interest rates of 2.4% per annum. The return of the structured deposits was determined by reference to the return of their underlying investments. Since the contractual cash flows of the structured deposit do not represent solely the payments of principal and interest on the principal amount outstanding, the structured deposit is measured at fair value through profit or loss. The fair value measurement hierarchy of the financial instrument is using unobservable inputs (Level 3).

22. CASH AND BANK BALANCES

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Cash and cash equivalents	207,642	177,978	176,994
Time deposit	-	-	370,000
Interest receivable on bank deposits	188	-	-
Restricted deposits	9,650	10,086	14,751
Total	217,480	188,064	561,745
Denominated in:			
RMB	217,443	182,223	513,114
HKD	37	1,591	29,415
USD	-	4,060	18,733
EUR	-	109	316
GBP	-	81	167
Total	217,480	188,064	561,745

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Cash and cash equivalents	180,517	87,999	61,708
Interest receivable on bank deposits	188	-	-
Restricted deposits	9,300	9,576	14,186
Total	190,005	97,575	75,894
Denominated in:			
RMB	190,005	97,575	75,894

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default.

The Group deposited RMB350,000, RMB510,000 and RMB565,000 as security deposits for certain online platforms at the end of each of the Relevant Periods. The bank deposit of RMB9,300,000, RMB9,576,000 was frozen by judicial authority for lawsuit cases as at 31 December 2022 and 31 December 2023, respectively. The Group deposited RMB370,000,000 as 6-month time deposit with an interest rate of 1.5%-1.85%, which is also pledged for bank borrowings. RMB14,186,000 was restricted as at 31 December 2024, comprising: (i) RMB12,118,000 of the bank deposit was restricted for the construction; and (ii) RMB2,068,000 of the bank deposit was restricted for gold loans.

23. TRADE PAYABLES

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

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Within 1 year	35,926	35,521	37,806
1 to 2 years	170	-	-
Total	36,096	35,521	37,806

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Within 1 year	15,596	21,383	28,942
1 to 2 years	170	-	-
Total	15,766	21,383	28,942

Trade payables are non-interest-bearing, and are normally settled on one to six months after the invoice date.

The fair value of trade payables as at the end of each of the Relevant Periods approximated to their carrying amount due to their relatively short maturity terms.

24. OTHER PAYABLES AND ACCRUALS

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Current			
Deposits*	121,242	118,316	119,652
Salary and welfare payables	27,672	33,668	28,728
Other payables	1,859	6,617	10,972
Accruals	16,191	19,354	15,970
Due to related parties	4	17	4
Other tax payable	17,052	23,235	21,197
Total	184,020	201,207	196,523
Non-current			
Deferred income	200	200	200
Provision	-	255	-
Total	200	455	200

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Current			
Deposits*	102,456	96,739	93,020
Salary and welfare payables	17,549	17,358	11,237
Other payables	1,117	5,282	13,085
Accruals	10,743	10,192	9,264
Due to related parties	4	17	4
Other tax payable	6,082	8,900	5,297
Total	137,951	138,488	131,907
Non-current			
Deferred income	200	200	200
Provision	-	255	-
Total	200	455	200

* The deposits mainly represent the deposits for franchise stores opening, which are received from the franchisees.

25. CONTRACT LIABILITIES

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Advances received from customers			
Provision of services	349,194	367,133	334,260
Sales of goods	3,928	14,041	11,563
Total	353,122	381,174	345,823

Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Advances received from customers			
Provision of services	293,444	285,149	252,382
Sales of goods	2,714	8,007	9,453
Total	296,158	293,156	261,835

Contract liabilities include franchise services, product admission services and advances received to the delivery of the products. The changes in contract liabilities in the Relevant Periods were mainly due to the changes in advances received from customers in relation to the franchise services, product admission services and delivery of goods at the end of each of the Relevant Periods.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	At 31 December 2023			At 31 December 2024		
	Effective interest rate (%)	**Maturity**	**RMB'000**	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current						
Bank loans - unsecured	2.4%-2.8%	2024	84,123	2.5%-2.7%	2025	242,754
Bank loans - secured			-	0.6%-1.4%	2025	370,000
Non-current						
Bank loans - secured			-	3.2%	2032	28,299
Analysed into:						
Bank loans repayable:						
Within one year			84,123			612,754
Beyond five years			-			28,299
Total			84,123			641,053

Company

	At 31 December 2023			At 31 December 2024		
	Effective interest rate (%)	**Maturity**	**RMB'000**	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current						
Bank loans - unsecured	2.4%-2.8%	2024	64,634	2.5%-2.7%	2025	242,754
Non-current						
Bank loans - secured			-	3.20%	2032	28,299
Analysed into:						
Bank loans repayable:						
Within one year			64,634			242,754
Beyond five years			-			28,299
Total			64,634			271,053

Notes:

(i) All interest-bearing bank and other borrowings are denominated in RMB.

(ii) The Group's total facilities for bank and other borrowings amounted to RMB330,000,000, RMB550,000,000 and RMB1,703,980,000, of which nil, RMB84,123,000 and RMB641,053,000 had been utilised as at the end of each of the Relevant Periods, respectively.

(iii) As at 31 December 2024, the Group' borrowings were secured by the leasehold land of RMB111,213,000 and time deposits of RMB370,000,000, details of which are set out in note 15 and note 22 to the financial statements.

(iv) As at the end of each of the Relevant Periods, certain bank borrowings of the Group were guaranteed by related parties, details of which are set out in note 36(f) to the financial statements.

27. Gold loans

Group and Company

	31 December 2022 RMB'000	**31 December 2023 RMB'000**	**31 December 2024 RMB'000**
Gold loans	-	-	42,982

The Group borrows gold from bank for 6 months and pays a fixed fee at 1.8% to bank for the duration of the contract based on the value of gold at inception. At maturity, the Group is obliged to deliver gold of the same type, quantity and quality to bank. The Group has an option to settle its obligation in cash. Gold loans representing the obligation to deliver gold are classified as liabilities at financial liabilities at fair value through profit or loss at initial recognition.

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

The gold loans were secured by the bank deposit of RMB2,068,000, which are included in note 22.

28. DEFERRED TAX

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

Deferred tax assets

	Impairment provision for financial assets RMB'000	Impairment provision for inventories RMB'000	Lease liabilities RMB'000	Internal transactions RMB'000	Deductible losses RMB'000	Provision RMB'000	Government grants RMB'000	Gold loans RMB'000	Total RMB'000
Group									
At 1 January 2022	8,712	1,642	7,611	814	86	-	50	-	18,915
Deferred tax credited/(charged) to profit or loss during the year (note 10)	1,290	993	873	340	(86)	-	-	-	3,410
At 31 December 2022 and 1 January 2023	10,002	2,635	8,484	1,154	-	-	50	-	22,325
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(677)	1,878	(275)	(127)	428	64	-	-	1,291
At 31 December 2023 and 1 January 2024	9,325	4,513	8,209	1,027	428	64	50	-	23,616
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(2,034)	(595)	(729)	(324)	(335)	(64)	-	564	(3,517)
At 31 December 2024	7,291	3,918	7,480	703	93	-	50	564	20,099

28. DEFERRED TAX (continued)

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

Deferred tax assets (continued)

	Impairment provision for financial assets RMB'000	Impairment provision for inventories RMB'000	Leaseliab ilities RMB'000	Internal transactions RMB'000	Deductible losses RMB'000	Provision RMB'000	Government grants RMB'000	Gold loans RMB'000	Total RMB'000
Company									
At 1 January 2022	8,123	1,570	7,341	282	-	-	50	-	17,366
Deferred tax credited/(charged) to profit or loss during the year	821	822	(245)	(107)	-	-	-	-	1,291
At 31 December 2022 and 1 January 2023	8,944	2,392	7,096	175	-	-	50	-	18,657
Deferred tax credited/(charged) to profit or loss during the year	(650)	1,349	(801)	(3)	-	64	-	-	(41)
At 31 December 2023 and 1 January 2024	8,294	3,741	6,295	172	-	64	50	-	18,616
Deferred tax credited/(charged) to profit or loss during the year	(1,933)	(493)	(1,232)	(30)	-	(64)	-	564	(3,188)
At 31 December 2024	6,361	3,248	5,063	142	-	-	50	564	15,428

28. DEFERRED TAX (continued)

Deferred tax liabilities

	Right-of-use assets RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Total RMB'000
Group			
At 1 January 2022	7,395	-	7,395
Deferred tax charged to profit or loss during the year (note 10)	823	-	823
At 31 December 2022 and 1 January 2023	8,218	-	8,218
Deferred tax charged to profit or loss during the year (note 10)	(14)	-	(14)
At 31 December 2023 and 1 January 2024	8,204	-	8,204
Deferred tax credited to profit or loss during the year (note 10)	(1,219)	255	(964)
At 31 December 2024	6,985	255	7,240

	Right-of-use assets RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Total RMB'000
Company			
At 1 January 2022	7,136	-	7,136
Deferred tax charged to profit or loss during the year	(311)	-	(311)
At 31 December 2022 and 1 January 2023	6,825	-	6,825
Deferred tax charged to profit or loss during the year	(467)	-	(467)
At 31 December 2023 and 1 January 2024	6,358	-	6,358
Deferred tax credited to profit or loss during the year	(1,716)	247	(1,469)
At 31 December 2024	4,642	247	4,889

28. DEFERRED TAX (continued)

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Group			
Net deferred tax assets recognised in the consolidated statement of financial position	14,107	15,412	12,859

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Company			
Net deferred tax assets recognised in the consolidated statement of financial position	11,832	12,258	10,539

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Group			
Tax losses	12,838	17,024	11,027
Deductible temporary differences	185	2,602	4,189
Total	13,023	19,626	15,216

The Group has accumulated tax losses and deductible temporary differences of RMB13,023,000, RMB19,626,000 and RMB15,216,000 as at the end of each of the Relevant Periods, respectively. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arose, whilst those arising in PRC will expire in five years, for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they are not considered probable that taxable profits will be available against which the tax losses cannot be utilised.

29. SHARE CAPITAL

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Authorised and fully paid:			
Ordinary shares with par value of RMB1.00 each	366,174	366,174	378,713

A summary of movement in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023 and 1 January 2024	366,174,073	366,174
Issuance of ordinary shares (note)	12,538,455	12,539
At 31 December 2024	378,712,528	378,713

Note:

There was no change in the authorised and fully paid capital of the Company during the years ended 31 December 2022 and 2023. On 19 June 2024, the shareholders of the Company resolved to increase the share capital of the Company from 366,174,073 Shares to 378,712,528 Shares with registered capital of the Company increased from RMB366.2 million to RMB378.7 million. The four subscribers including, Di Ai (Shenzhen) Jewelry Co., Ltd. (諦愛(深圳)珠寶有限公司), Hainan Yongcheng No. 15 Investment Partnership (Limited Partnership) (海南永誠拾伍號投資合夥企業(有限合夥)), Shenzhen Zhengfu Investment Co., Ltd. (深圳市正福投資有限公司) and Shenzhen Xianglong Chuangmei Enterprise Management Partnership (Limited Partnership) (深圳市祥龍創美企業管理合夥企業(有限合夥)), subscribed the increased share capital of 12,538,455 Shares at a total consideration of RMB245.0 million.

30. SHARE-BASED PAYMENTS

The Group approved and adopted a stock incentive scheme (the “Stock Incentive Plan”) for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Stock Incentive Plan, Shenzhen Chuangmeiweilai Investment Partnership (Limited Partnership) (“Chuangmeiweilai”) , Shenzhen Shaobo Investment Partnership (Limited Partnership) (“Shaobo”), and Shenzhen Meiyu Investment Partnership (Limited Partnership) (“Meiyu”) were established and designated as stock incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On 7 December 2017, the Group awarded 6,686,370 restricted share units(“RSUs”) of the Group as mentioned above to 52 eligible employees at a subscription price of RMB2.08. On 19 June 2018, the Group awarded 667,302 restricted share units of the Group as mentioned above to 1 eligible employee at a subscription price of RMB2.08.

All of the RSUs granted to the Share Incentive Participants shall be subject to a listing-based condition (the “IPO Condition”). The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

The fair value of the RSUs granted on 7 December 2017 and 19 June 2018 was estimated at RMB9.73 per share as at the date of grant by reference to the recent financing valuation of the Group.

Share-based payment expenses recognised by the Group amounted to RMB7,364,000, negative RMB975,000 and RMB4,905,000 during the Relevant Periods, respectively. The negative expense in 2023 was adjusted due to the extension of expected listing date.

The following RSUs were outstanding under the Stock Incentive Plan during the Relevant Periods:

	2022 Number of RSUs	**2023 Number of RSUs**	**2024 Number of RSUs**
At the beginning of the year	7,166,829	7,020,022	6,926,600
Vested during the year	(53,384)	-	-
Forfeited during the year	(93,423)	(93,422)	(80,076)
At the end of the year	7,020,022	6,926,600	6,846,524

31. RESERVES

Group

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

Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed.

Share-based payment reserve

The Group's share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards. Details of the movements are set out in the consolidated statements of changes in equity.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital of the Company and the subsidiaries provided that the reserve balance after such conversion is not less than 25% of the registered capital of the Company and the subsidiaries. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences due to the translation of the financial statements of the group companies whose functional currencies are different from the Group's presentation currency.

31. RESERVES (continued)

Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented below:

	Share premium* RMB'000	Share-based payment reserve* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000
At 1 January 2022	60,064	24,828	132,620	567,625	785,137
Profit for the year	-	-	-	389,898	389,898
Transfer from retained profits	-	-	38,990	(38,990)	-
Recognition of share-based payments	-	7,364	-	-	7,364
At 31 December 2022	60,064	32,192	171,610	918,533	1,182,399
At 1 January 2023	60,064	32,192	171,610	918,533	1,182,399
Profit for the year	-	-	-	392,477	392,477
Transfer from retained profits	-	-	11,477	(11,477)	-
Dividend declared (note 11)	-	-	-	(300,263)	(300,263)
Recognition of share-based payments	-	(975)	-	-	(975)
At 31 December 2023	60,064	31,217	183,087	999,270	1,273,638
At 1 January 2024	60,064	31,217	183,087	999,270	1,273,638
Profit for the year	-	-	-	368,028	368,028
Issuance of ordinary shares	232,461	-	-	-	232,461
Transfer from retained profits	-	-	6,269	(6,269)	-
Dividend declared (note 11)	-	-	-	(644,466)	(644,466)
Recognition of share-based payments	-	4,905	-	-	4,905
At 31 December 2024	292,525	36,122	189,356	716,563	1,234,566

*****These reserve accounts comprise the consolidated reserves of RMB1,182,399,000, RMB1,273,638,000 and RMB1,234,566,000 in the statements of financial position of the Company as at the end of each of the Relevant Periods, respectively.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions of right-of-use assets RMB24,873,000, RMB18,274,000 and RMB41,917,000, respectively, with the responding same amounts of lease liabilities in respect of lease arrangements for office premises and buildings and stores.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2022	-	33,596
Changes from financing cash flows	-	(19,935)
Interest expenses	-	2,144
New leases	-	24,873
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(1,109)
Covid-19-related rent concession from a lessor	-	(314)
At 31 December 2022 and 1 January 2023	-	39,255
Changes from financing cash flows	83,581	(23,378)
Interest expenses	542	1,904
New leases	-	18,274
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(483)
At 31 December 2023 and 1 January 2024	84,123	35,572
Changes from financing cash flows	549,821	(30,611)
Interest expenses	7,109	2,046
New leases	-	41,917
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	(3,182)
At 31 December 2024	641,053	45,742

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(c) Total cash outflows for leases

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

	2022 RMB'000	**2023 RMB'000**	**2024 RMB'000**
With operating activities	20,063	25,422	23,295
With financing activities	19,935	23,378	30,611
Total	39,998	48,800	53,906

33. CONTINGENT LIABILITIES

In November 2022, a lawsuit was filed against us by a celebrity and her agency for the unauthorized use of her portrait and name in marketing and advertising activities after the expiration of the endorsement agreement. The first-instance court ruled that we withdraw all marketing and advertising materials related to the celebrity and pay the plaintiff 's attorney fees in the amount of RMB20,000 and dismissed the plaintiff's other claims, including the demand for overdue fees of RMB9,300,000 for unauthorized usage. The plaintiff appealed, and the appellate court dismissed the appeal and upheld the judgment of the first instance court. The plaintiff, dissatisfied with the judgment of the appellate court, filed a petition for retrial. The retrial petition was rejected on 21 April 2025.

34. PLEDGE OF ASSETS

At the end of each of the Relevant Periods, the Group's pledge of assets is included in note 15 and 22.

35. COMMITMENTS

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

	31 December 2022 RMB'000	**31 December 2023 RMB'000**	**31 December 2024 RMB'000**
Contracted, but not provided for leasehold:			
Property, plant and equipment	-	-	162,423

36. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties/companies are related parties that had material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationship of related parties*

Name	**Relationship**
Shenzhen Qiankunlianhe Investment Co., LTD	Controlled by the controlling shareholder
Shenzhen Shangshanlianhe Investment Co., LTD	Controlled by the controlling shareholder
Mr. Li Weizhu	Ultimate controlling shareholder
Mr. Li Weipeng	Ultimate controlling shareholder
Ms. Zhou Minling	Close family member of the controlling shareholder
Ms. Chen Danxia	Close family member of the controlling shareholder
Ms. Chen Hongzhu	Close family member of the controlling shareholder
Ms. Li Gangli	Close family member of the controlling shareholder
Ms. Li Gangxiu	Close family member of the controlling shareholder
Mr. Li Weibo	Close family member of the controlling shareholder
Mr. Zhong Xipeng	Close family member of the controlling shareholder
Mr. Xie Mingyu	Director
Ms. Lin Liuzhi	Supervisor
Mr. Ni Xuepeng	Supervisor
Ms. Huang Xiaoxin	Close family member of Mr. Ni Xuepeng
Mr. Xu Zhili	Chief Financial Officer
Mr. Wu Yang	Secretary of the Board of Director
Ms. Li Caiping	Key management personnel of the Group
Mr. Lin Xiangjie	Directors of the controlling shareholder
Mr. Li Shigang	independent non-executive director

*The English names of all the above related parties represent the best effort made by the directors of the Group to translate the Chinese names as these related parties have not been registered with any official English names

(b) Purchases of goods from a related party were as follows:

	2022 RMB'000	**2023 RMB'000**	**2024 RMB'000**
Ms. Zhou Minling	437	514	383

The above transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Sales of goods to related parties were as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Related parties	35	54	7

The transaction amounts above between the Group and the related parties included the transaction amounts between the related parties and their family members.

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

(d) Outstanding balances with related parties

Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Trade			
Trade payable:			
Ms. Zhou Minling	7	11	3
Other payable and accruals:			
Ms. Huang Xiaoxin	4	17	4

Company

As disclosed in the statements of financial position, the Company had the following outstanding balances with related parties at the end of each of the Relevant Periods.

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Trade			
Trade payable:			
Ms. Zhou Minling	7	11	3
Other payable and accruals:			
Ms. Huang Xiaoxin	4	17	4
Due to subsidiaries	206,038	431,779	632,447
Due from subsidiaries	443,376	670,515	965,011

The amounts due to subsidiaries were generated from the purchase of goods and services from the subsidiaries. The Company's balances with a related parties are unsecured, interest-free and repayable on demand.

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Other related party transactions

The close family member of the controlling shareholder turned over the operating income of RMB5,253,000 engaged in personal gemstone trading in 2022, which is included in other income and gains.

(f) Guarantees from related parties

Mr. Li Weizhu, together with Mr. Li Weipeng, Ms. Chen Hongzhu and Ms. Zhong Yingqin, provided guarantees for the Group’s interest-bearing bank borrowings up to RMB64,544,000 with an interest rate of 2.80% in aggregate as at 31 December 2023 and RMB200,230,000 with an interest rate of 2.5-2.7%in aggregate as at 31 December 2024.

Mr. Li Weizhu, together with Mr. Li Weipeng provided guarantees for the Group’s interest-bearing bank borrowings up to RMB28,299,000 with an interest rate of 3.2% in aggregate as at 31 December 2024.

(g) Compensation of key management personnel of the Group

Details of the compensation of key management personnel of the Group are disclosed as follows:

	2022 **RMB’000**	**2023** **RMB’000**	**2024** **RMB’000**
Fees	158	113	13
Salaries, allowances and benefits in kind	6,061	6,163	6,581
Pension scheme contributions	304	313	359
Equity-settled share-based payments	4,218	188	5,015
Total	10,741	6,777	11,968

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Group			
Financial assets at amortised cost			
Trade receivables	231,072	238,382	209,867
Financial assets included in prepayments, other receivables and other assets	11,932	16,580	17,811
Cash and bank balances	217,480	188,064	561,745
Debt investments	168,244	173,947	20,184
Financial assets at fair value through other comprehensive income			
Debt investments	-	163,537	78,667
Financial assets at fair value through profit or loss			
Financial assets	-	-	33,530
Total	628,728	780,510	921,804

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Company			
Financial assets at amortised cost			
Trade receivables	147,472	108,614	48,087
Financial assets included in prepayments, other receivables and other assets	6,202	6,237	5,611
Due from subsidiaries	443,376	670,515	965,011
Cash and bank balances	190,005	97,575	75,894
Debt investments	168,244	173,947	20,184
Financial assets at fair value through other comprehensive income			
Debt investments	-	163,537	78,667
Financial assets at fair value through profit or loss			
Financial assets	-	-	33,350
Total	955,299	1,220,425	1,226,804

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Group			
Financial liabilities at amortised cost			
Trade payables	36,096	35,521	37,806
Financial liabilities included in other payables and accruals	123,105	124,950	130,628
Lease liabilities	39,255	35,572	45,742
Interest-bearing bank and other borrowings	-	84,123	641,053
Financial liabilities at fair value through profit or loss			
Gold loans	-	-	42,982
Total	198,456	280,166	898,211

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Company			
Financial liabilities at amortised cost			
Trade payables	15,766	21,383	28,942
Financial liabilities included in other payables and accruals	103,577	102,038	106,109
Due to subsidiaries	206,038	431,779	632,447
Lease liabilities	28,466	24,853	20,082
Interest-bearing bank and other borrowings	-	64,634	271,053
Financial liabilities at fair value through profit or loss			
Gold loans	-	-	42,982
Total	353,847	644,687	1,101,615

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the financial assets and liabilities are included in the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sales.

The fair value of debt investments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of listed equity investment is based on quoted market price.

The Group invested in unlisted wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fairvalue to the input**
Structured deposits	discounted cash flow valuation model	estimated cash flow	RMB 30,076,000 to RMB 30,326,000	RMB100 increase/decrease in multiple would result in increase/ decrease in fair value by RMB99

The Group's finance department headed by the director of the finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The director of the finance department reports directly to the board of directors of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the director of the finance department.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, restricted deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as the customer bases of the Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
At 31 December 2022					
Group					
Trade receivables*	-	-	-	261,028	261,028
Financial assets included in prepayments, other receivables and other assets:					
- Normal**	9,721	-	-	-	9,721
- Doubtful**	-	2,332	81	-	2,413
Cash and bank balances:					
- Not yet past due	217,480	-	-	-	217,480
Debt investments	168,244	-	-	-	168,244
Total	395,445	2,332	81	261,028	658,886
Company					
Trade receivables*	-	-	-	166,726	166,726
Due from subsidiaries	-	-	-	443,376	443,376
Financial assets included in prepayments, other receivables and other assets:					
- Normal**	4,346	-	-	-	4,346
- Doubtful**	-	1,920	81	-	2,001
Cash and bank balances:					
- Not yet past due	190,005	-	-	-	190,005
Debt investments	168,244	-	-	-	168,244
Total	362,595	1,920	81	610,102	974,698

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
At 31 December 2023					
Group					
Trade receivables*	-	-	-	263,519	263,519
Financial assets included in Prepayments, other receivables and other assets:					
- Normal**	13,989	-	-	-	13,989
- Doubtful**	-	2,758	81	-	2,839
Cash and bank balances:					
- Not yet past due	188,064	-	-	-	188,064
Debt investments	337,484	-	-	-	337,484
Total	539,537	2,758	81	263,519	805,895
Company					
Trade receivables*	-	-	-	125,272	125,272
Due from subsidiaries	-	-	-	670,515	670,515
Financial assets included in prepayments, other receivables and other assets:					
- Normal**	4,170	-	-	-	4,170
- Doubtful**	-	2,130	81	-	2,211
Cash and bank balances:					
- Not yet past due	97,575	-	-	-	97,575
Debt investments	337,484	-	-	-	337,484
Total	439,229	2,130	81	795,787	1,237,227

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
At 31 December 2024					
Group					
Trade receivables*	-	-	-	226,802	226,802
Financial assets included in Prepayments, other receivables and other assets:					
- Normal**	14,371	-	-	-	14,371
- Doubtful**	-	3,646	81	-	3,727
Cash and bank balances:					
- Not yet past due	561,745	-	-	-	561,745
Debt investments	98,851	-	-	-	98,851
Total	674,967	3,646	81	226,802	905,496
Company					
Trade receivables*	-	-	-	56,998	56,998
Due from subsidiaries	-	-	-	965,011	965,011
Financial assets included in prepayments, other receivables and other assets:					
- Normal**	2,545	-	-	-	2,545
- Doubtful**	-	3,149	81	-	3,230
Cash and bank balances:					
- Not yet past due	75,894	-	-	-	75,894
Debt investments	98,851	-	-	-	98,851
Total	177,290	3,149	81	1,022,009	1,202,529

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 18 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The Group aims to utilise interest-bearing bank and other borrowings and lease liabilities to maintain the balance between the consistency and flexibility of financing activities.

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

At 31 December 2022

	Within one year RMB'000	**One to two years RMB'000**	**Two to three years RMB'000**	**Over three years RMB'000**	**Total RMB'000**
Group					
Trade payables	36,096	-	-	-	36,096
Financial liabilities included in other payables and accruals	123,105	-	-	-	123,105
Lease liabilities	18,200	12,094	3,302	8,225	41,821
Total	177,401	12,094	3,302	8,225	201,022
Company					
Trade payables	15,766	-	-	-	15,766
Financial liabilities included in other payables and accruals	103,577	-	-	-	103,577
Due to subsidiaries	206,038	-	-	-	206,038
Lease liabilities	12,151	8,861	2,277	7,872	31,161
Total	337,532	8,861	2,277	7,872	356,542

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

At 31 December 2023

	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Over three years RMB'000	Total RMB'000
Group					
Trade payables	35,521	-	-	-	35,521
Financial liabilities included in other payables and accruals	124,950	-	-	-	124,950
Lease liabilities	19,745	8,893	3,529	6,732	38,899
Interest-bearing bank and other borrowings	85,638	-	-	-	85,638
Total	265,854	8,893	3,529	6,732	285,008
Company					
Trade payables	21,383	-	-	-	21,383
Financial liabilities included in other payables and accruals	102,038	-	-	-	102,038
Due to subsidiaries	431,779	-	-	-	431,779
Lease liabilities	12,761	5,454	2,523	6,571	27,309
Interest-bearing bank and other borrowings	66,149	-	-	-	66,149
Total	634,110	5,454	2,523	6,571	648,658

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

At 31 December 2024

	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Over three years RMB'000	Total RMB'000
Group					
Trade payables	37,806	-	-	-	37,806
Financial liabilities included in other payables and accruals	130,628	-	-	-	130,628
Lease liabilities	26,220	13,511	3,200	5,268	48,199
Interest-bearing bank and other borrowings	616,987	5,566	4,935	19,156	646,644
Gold loans	43,159	-	-	-	43,159
Total	854,800	19,077	8,135	24,424	906,436
Company					
Trade payables	28,942	-	-	-	28,942
Financial liabilities included in other payables and accruals	106,109	-	-	-	106,109
Due to subsidiaries	632,447	-	-	-	632,447
Lease liabilities	10,345	4,944	1,303	5,268	21,860
Interest-bearing bank and other borrowings	246,987	5,566	4,935	19,156	276,644
Gold loans	43,159	-	-	-	43,159
Total	1,067,989	10,510	6,238	24,424	1,109,161

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a debt ratio, which is total assets divided by total liabilities. The debt ratios at the end of each of the Relevant Periods are as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000
Total assets	2,584,835	3,075,203	3,957,571
Total liabilities	679,796	811,579	1,379,965
Debt ratio	26%	26%	35%

40. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the shareholder's resolution dated in March 2025, dividend of RMB196.9 million was declared.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.