You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a leading market player in China's heritage gold (古法黃金) industry as recognized by the China Gold Association (中國黃金協會)*, epitomizing China's intangible cultural heritage value and craftsmanship blended with international fashion aesthetics through our comprehensive product portfolio, with a market share in the heritage gold jewelry market and the gold jewelry market in China of 2.0% and 0.6%, respectively, in terms of revenue in 2023, according to Frost & Sullivan. During the Track Record Period, we derived a material portion of revenue from sales of self-designed heritage gold jewelry through our boutiques. We adopt a self-operation model and a scenario-based operation style for all our boutiques. As of the Latest Practicable Date, we self-operated 32 boutiques in reputable commercial centers in 13 cities across China, most of which were tier-one and new tier-one cities. We are dedicated to offering products that harmonize cultural and fashionable attributes, showcase assertive style, and demonstrate high quality, ranging from daily wear accessories to ornaments and vessels. We believe that our brand positioning, product theme and style, sales network, and scenario-based boutique style contributed to our success. Among the key brands in China's gold jewelry market, we are the only brand that focuses on the design, manufacture and sale of heritage gold jewelry, according to Frost & Sullivan. Among all gold jewelry brands in China, we ranked first in terms of single-store revenue in each of 2022 and 2023, according to Frost & Sullivan. In 2023, we further achieved significant growth. Our average revenue for 2023 per boutique that existed as of December 31, 2023 reached RMB93.9 million, exceeding twice the average revenue for 2022 per boutique that existed as of December 31, 2022.

We experienced significant financial growth during the Track Record Period. Our revenue increased from RMB1,264.6 million in 2021 to RMB1,294.2 million in 2022, and further increased to RMB3,179.6 million in 2023, representing a CAGR of 58.6% from 2021 to 2023. Our gross profit experienced a growth from RMB521.0 million in 2021 to RMB542.1 million in 2022, and further to RMB1,332.0 million in 2023. Our gross profit margin reached 41.2%, 41.9% and 41.9% in 2021, 2022 and 2023, respectively.

* Based on The China Gold Yearbook 2020 (中國黃金年鑒2020) published by the China Gold Association, and considering that, among other things, we were the first gold jewelry brand in China to promote the concept of heritage gold, the first in the industry to embed diamond in pure gold, and the first in the industry to introduce pure gold enamel jewelry products, according to Frost & Sullivan.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Gold Supply and Pricing

Our ability to source a steady supply of gold is crucial to our business operation. Gold is our primary raw material used in the production of our products, accounting for 94.4%, 93.6% and 92.5% of our raw material costs in 2021, 2022 and 2023, respectively.

We carefully consider several key factors to determine the prices of our products. These factors include the material and production costs, the difficulty of crafting techniques, and the market positioning of our brand. An increase of gold material price will directly increase our cost of sales. If there is a notable increase in the prevailing gold market price, we would adjust the prices of our products based on the current market price to shift the cost to our customers accordingly. As such, fluctuations in the price of the raw materials, especially gold, can have a significant effect on our business, results of operations and financial condition.

According to Frost & Sullivan, the average annual spot price for Au9999 in the PRC experienced a general increase from RMB275.6/g in 2017 to RMB449.9/g in 2023 due to several factors, including the volatility in the global political and economic environment, the strong demand for gold, particularly within the jewelry industry. Especially in 2020, due to the outbreak of COVID-19 pandemic, the international economic environment faced a lot of uncertainty. As a safe-haven asset, gold was welcomed by consumers. Furthermore, the geopolitical conflict and the rising inflation have pushed up the demand for gold to hedge risks and the average annual price hit RMB449.9/g in 2023. The continuous rise in the gold price will motivate consumers' investment enthusiasm, promoting the demand for gold jewelry products.

We are susceptible to the fluctuation in gold prices, as we do not have any hedging instruments to manage such fluctuation. As for the procurement of gold, we formulate annual procurement plans based on our business planning, inventory levels and market demand, and adjust our plans on a monthly basis according to the actual situations. We typically enter into framework procurement agreements, or agreements for a term of one year, with our major gold suppliers. The agreements are typically renewable upon mutual agreements. We place orders with our gold suppliers based on our procurement plans and the agreed-upon purchase price in line with the latest market price, and settle with them by prepayment or payment upon delivery of goods under a credit term according to the payment terms negotiated between our suppliers and us. We have stable relationships with our major gold suppliers. Therefore, although fluctuation in material costs, especially gold prices, is indeed one of the factors that affect the pricing of our products, we believe that such fluctuation is manageable, as we frequently adjust our procurement plan of raw materials based on the actual market and production demand. Specifically, our supply chain department adjusts our procurement plans on a monthly basis after considering the historical sales turnover and anticipated sales trend provided by our sales department. Upon issuing procurement orders each month, our supply chain department would then follow up on the progress of the procurement, utilization of raw materials in production, and stock level of raw materials. As such, even without any hedging instruments to manage fluctuation in gold price, we are able to reduce the risk of overstocking of gold materials and mitigate the impact of the cost fluctuation on our business operation and financial performance. Each piece of our gold jewelry products is subject to a fixed price upon launch and such price generally will not be simply adjusted along with the fluctuation of our material and production costs. For more details, see "Business — Procurement and Production — Procurement" in this document.

The following table demonstrates the sensitivity to a reasonably possible change in the gold price, with all other variables held constant, of our profit before tax during the Track Record Period:

	Year Ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Gold price increase/ decrease by:			
+15%/-15%	(97,544)/97,544	(97,198)/97,198	(238,589)/238,589
+10%/-10%	(65,029)/65,029	(64,798)/64,798	(159,059)/159,059
+5%/-5%	(32,515)/32,515	(32,399)/32,399	(79,530)/79,530

Economic Conditions of the PRC

During the Track Record Period, we derived substantially all of our revenue from sales in the PRC. Our business is particularly sensitive to the economic developments and the purchasing power of consumers in the PRC. Economic growth in the PRC over the past three decades has led to substantial growth in personal disposable income and has resulted in increasing purchasing power and greater demand for discretionary consumer products, according to Frost & Sullivan.

According to Frost & Sullivan, the PRC's economy has boomed over the past decades, and the disposable income per capita and people's living standards are increasing accordingly. Chinese residents' annual disposable income per capita has steadily risen from RMB28.2 thousand to RMB39.2 thousand over the past five years from 2018 to 2023, with a CAGR of 6.8%. For the same period, according to Frost & Sullivan, the consumption of gold experienced an overall decrease from 1,151.4 tons in 2018 to 1,089.7 tons in 2023, mainly as the offline sales channels were significantly affected by the COVID-19 pandemic. However, with the increase in per capita annual disposable income which is expected to reach approximately RMB53.1 thousand by 2028 at a CAGR of 6.3% from 2023 to 2028 and the recovery of the macroeconomy in the PRC, the consumption of gold is expected to grow at a CAGR of 7.1% from 2023 to 2028, according to Frost & Sullivan. According to the same source, the gold jewelry market grew from RMB308.0 billion in 2018 to RMB518.0 billion in 2023 in terms of sales revenue, representing a CAGR of 11.0%, during which the outbreak and recurrence of the pandemic restrained the growth rate in 2020 and 2022 due to the lockdown and disease control measures hindering the offline sales. Going forward, with the consumption upgrade and the rising younger consumer group, the gold jewelry market is expected to continue to grow and reach RMB811.0 billion in 2028 with a CAGR of 9.4% from 2023 to 2028.

During the Track Record Period, our revenue increased by 2.3% to RMB1,294.2 million in 2022, and further significantly increased by 145.7% to RMB3,179.6 million in 2023. As shown, the change of our revenue during the Track Record Period was associated with the economic conditions and the gold jewelry market trends in the PRC, and notably, the growth performance was stronger than the overall gold jewelry market.

We expect that the continuing economic growth in the PRC will translate into an increase in consumer spending and demand for gold jewelry. Accordingly, we expect the economic conditions and the level of consumer spending in the PRC to continue to have a significant impact on our business, financial conditions and results of operations.

Consumer Demand and Competition

Our results of operations are affected by consumer demand for our products, which is in turn affected by macroeconomic factors such as general economic conditions, consumer purchasing power and consumer preferences. In addition, our results of operations also depend on our ability to compete with other gold jewelry brands. Our revenue and profitability will be affected by our ability to identify market trends, respond to customer requirements and design, produce and bring to market, in a timely manner, products that reflect the current preferences of a broad range of current and prospective customers. Our results of operations also depend on the recognition and reputation of our brand in the competitive market. We believe that the "老鋪黃金" (LAOPU GOLD) brand has become the top heritage gold jewelry brand in China, and the further development of the brand will significantly impact our ability to attract our target customers, grow our revenue, maintain or further improve our profitability, and further expand our business.

According to the Frost & Sullivan, gold jewelry is gaining popularity among the younger generation in China nowadays. Chinese consumers are pursuing more diversified gold jewelry products in different consumption scenarios. With the upgrading of consumption and the increasing demand for high-quality, diversified and personalized gold jewelry products from consumers, the heritage gold jewelry market is expected to grow rapidly, reaching RMB202.5 billion by 2027 at a CAGR of 15.8% from 2022 to 2027. Meanwhile, the competition in the gold jewelry market, especially the heritage gold jewelry market, is increasingly fierce. Our ability to meet consumers' demands, capture this growth and stand out in this competitive market, which depends on the popularity of our brand and products and our marketing and sales efforts, will affect our sales, revenue and profitability.

Growth of Same-Store Sales and Expansion of Our Boutiques and Online Sales Network

During the Track Record Period, our revenue was primarily derived from the sales of gold jewelry products through our direct-to-consumer channels under the integrated offline and online jewelry retail structure, which combines both offline boutiques and online sales channels.

Sales from our boutiques represented the majority of our revenue during the Track Record Period, accounting for 89.8%, 87.0% and 88.6% of our total revenue in 2021, 2022 and 2023, respectively, and we expect our network of boutiques to continue to be our main sales channel. We expanded from 19 boutiques as of January 1, 2021 to 32 boutiques as of the Latest Practicable Date, and we expect to continue this expansion in the foreseeable future. Our revenue will be affected by the rate at which we open new boutiques, our ability to continue to secure prime retail locations at commercially reasonable prices, and our ability to hire qualified sales personnel to staff our boutiques. The expansion of our network of boutiques will also increase our costs as we will incur higher expenses associated with rent and personnel. Our results of operations will depend on the time it takes for our new boutiques to generate sufficient revenues to offset our start-up and operating costs. We expect to finance the near-term expansion of our network of boutiques with the [**REDACTED**] from the [**REDACTED**] and our cash flows from operations.

Our results of operations are also affected by our same-store sales growth, which we define as the annual sales growth rate of a boutique that were open for more than 300 days in both of the two years under comparison. Our same-store sales growth rate was (17.6)% and 115.4% from 2021 to 2022 and from 2022 to 2023, respectively. For 2021 and 2022, we had 18 same stores, whose sales decreased by 17.6% from RMB1.1 billion in 2021 to RMB911.9 million in 2022, which was primarily due to the temporary closure of some of our boutiques as a result of the impact of the COVID-19. Specifically, in 2022, 16 of the 18 same stores were temporarily closed for a period ranging from three days to 42 days under the COVID-19 pandemic. For 2022 and 2023, we had 21 same stores, whose sales increased significantly by 115.4% from RMB1.0 billion to RMB2.2 billion, which was mainly due to (i) the recovery of economic activities in 2023, whereas our sales were affected by the COVID-19 in 2022; (ii) consumers' preference for high-quality heritage gold jewelry products with strong aesthetic attributes with the upgrading of consumption concept; (iii) our increased brand awareness; (iv) the iteration of our product series; and (v) the increase in gold price, which (a) boosted consumers' willingness to purchase gold products resulting in a higher sales volume, mainly as gold jewelry products not only have aesthetic and consumption values, but are also considered by many consumers as having certain investment values, given that gold is a kind of safe-haven asset, especially when the domestic and global political and economic environment is faced with uncertainty, according to Frost & Sullivan, and (b) led to a corresponding increase in the prices of our products.

In addition to sales from our boutiques, our results of operations are also affected by our online sales. The revenue generated from our online platforms amounted to RMB129.2 million, RMB167.9 million and RMB361.1 million in 2021, 2022 and 2023, respectively, which accounted for 10.2%, 13.0% and 11.4% of our total revenue for the same years, respectively. The year-on-year growth rate of the revenue generated from our online platforms reached 29.9% and 115.0% from 2021 to 2022 and from 2022 to 2023, respectively. As part of integrated offline and online jewelry retail structure, our online sales channels complement our boutiques to provide customers with more channels to interact with us and shop for our products. We intend to further integrate and expand our online and offline sales channels, and our ability to successfully do so will affect our revenue and profitability.

Maintaining a Strong Brand Image that Appeals to Consumers

We derive substantially all of our revenue from gold jewelry products, and we believe that the brand image of a jewelry company is an important factor affecting consumers' selection. As a leading gold jewelry brand in heritage gold industry, we strive to develop products that elegantly combine traditional Chinese classical standards with modern aesthetics. Our unique brand identity embodies three core values: "classic (經典)," "meticulous (極致)" and "timeless (傳世)." These core values are our driving forces and are embedded throughout our business operations, including product design and development, production, sales, and customer relationships management. We believe our products are not just collections of jewelry, but also a captivating journey into the heart of traditional craftsmanship with ultimate modern elegance, which are appealing to our target customers.

According to the Frost & Sullivan, high brand awareness is the assurance of consumers' confidence in product quality and related services, especially for the gold jewelry brands. Strong brand images, resulting from long-term investment and being a high entry barrier, usually represent recognition from consumers, and will in turn bring more customers. A significant part of our success has been and will continue to be dependent on our ability to maintain our brand image and at the same time continue to design and produce a wide range of quality gold jewelry products that meet continually changing consumer preferences.

Seasonality

We experience seasonal fluctuations in demand for our products. The peak seasons include the Mid-Autumn Festival and the PRC National Day holiday, the period from Christmas till Chinese New Year, and the period from Chinese New Year till Valentine's Day. Besides, the third-party platforms where we sell our products also have numerous shopping festivals that affect market demand, such as the Double 11 Shopping Festival (雙十一購物節), and the Double 12 Shopping Festival (雙十二購物節). Therefore, we typically record higher sales in the first and fourth quarters of a calendar year. As a result, comparisons of our sales and operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as indicators of our performance. Our results of operations are likely to continue to fluctuate according to seasonality.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretation approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the interim comparative financial information.

The historical financial information has been prepared under the historical cost convention.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Group's financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our Group's financial information. Our material accounting policy information, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Material Accounting Policy Information

Revenue Recognition

Revenue From Contracts With Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our 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 our 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of Goods

Our Group operates a chain of self-operated boutiques and online platform selling jewelry products. Revenue from the sales of goods is recognized at the point in time when product is transferred to the customer who takes delivery in store or sent to the address specified by the consumers.

(b) Maintenance and Repair Services

Revenue from maintenance and repair services is recognized at a point in time when the service is provided to the customer.

Other Income

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Property, plant and equipment and depreciation

Property, plant and equipment 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 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 capitalized 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, our Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Significant Accounting Judgements and Estimates

The preparation of our historical financial information requires our 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 our Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the historical financial information.

Identification of a Customer and Gross Versus Net Revenue Recognition

Our Group enter into several concession agreements with certain shopping malls, under which shopping malls invoice end customers and pay our Group sales proceeds from the end customers less concession fees and other fees. The shopping malls act as an agent of our Group rather than the principal in the transaction since the shopping malls do not control the jewelry products before those goods 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 our Group act as a principal. Revenue is recognized 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 distribution expenses".

Significant Judgment in Determining the Lease Term of Contracts With Renewal Options

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

Recognition of Income Taxes and Deferred Tax Assets

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

Estimation Uncertainty

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

Provision for Expected Credit Losses on Trade Receivables

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

The provision matrix is initially based on our Group's historical observed default rates. Our 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 analyzed.

There was no significant change in the ECL rates for the time band during the Track Record Period, mainly as 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.

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. Our 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 our Group's accounts receivable is disclosed in Note 17 to the Accountants' Report in Appendix I to this document.

Provision for Expected Credit Losses on Other Financial Assets

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

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

Net Realizable Value of Inventories

Net realizable 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. Our Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is given in Note 16 to the Accountants' Report in Appendix I to this document.

Impairment of Long Term Non-Financial Assets (Other Than Goodwill)

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

Accrual of Restoration Obligation

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

Share-Based Payment

Our 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. Our group has estimated the expected future cash flows of our 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 recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 24 to the Accountants' Report in Appendix I to this document.

Leases — Estimating the Incremental Borrowing Rate

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

RESULT OF OPERATIONS

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,264,603	1,294,220	3,179,564
Cost of sales	(743,602)	(752,082)	(1,847,607)
Gross Profit	521,001	542,138	1,331,957
Other income and gains	5,566	4,277	2,650
Selling and distribution expenses	(262,435)	(297,177)	(579,347)
Administrative expenses	(89,121)	(94,117)	(167,571)
Research and development expenses	(8,411)	(8,525)	(10,720)
Other expenses, net	(720)	(2,853)	(5,318)
Finance costs	(11,671)	(16,973)	(18,182)
Profit Before Tax	154,209	126,770	553,469
Income tax expense	(40,329)	(32,241)	(137,167)
Profit for the Year	**113,880**	**94,529**	**416,302**
Attributable to: Owners of the Company	**113,880**	**94,529**	**416,302**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated revenue primarily from the sales of pure gold jewelry products and gem-set jewelry products in mainland China. Our revenue amounted to RMB1,264.6 million, RMB1,294.2 million and RMB3,179.6 million in 2021, 2022 and 2023, respectively.

Revenue Breakdown by Types of Goods or Services

All of our gold jewelry products are made of pure gold. Depending on whether they are inlaid with diamonds or other gemstones, we categorize our gold jewelry products into pure gold jewelry and gem-set jewelry. The following table sets forth a breakdown of our revenue by types of goods or services, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Pure gold jewelry[(1)]	655,375	51.8	661,002	51.1	1,394,282	43.9
Gem-set jewelry	603,061	47.7	629,528	48.6	1,780,658	56.0
Others[(2)]	6,167	0.5	3,690	0.3	4,624	0.1
Total	**1,264,603**	**100.0**	**1,294,220**	**100.0**	**3,179,564**	**100.0**

Notes:

(1) Pure gold jewelry includes gold bar products we launched in November 2022 in order to meet the market demands. Our revenue from gold bars was approximately RMB8.1 million and RMB109.5 million, representing approximately 0.6% and 3.4% of our total revenue in 2022 and 2023, respectively.

(2) Others mainly include revenues generated from (i) the sales of non-gold jewelry products primarily made of gemstones; and (ii) the provision of maintenance and repair services for jewelry products sold by us, as our after-sales services.

During the Track Record Period, we primarily derived our revenue from sales of goods, including pure gold jewelry products and gem-set jewelry products, representing approximately 99.5%, 99.7%, and 99.9% of our total revenue in 2021, 2022 and 2023, respectively.

The following table sets forth the sales volume in terms of gram and average selling price of our major product types for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	Sales Volume[(1)]	Average Selling Price[(2)]	Sales Volume[(1)]	Average Selling Price[(2)]	Sales Volume[(1)]	Average Selling Price[(2)]
	(g'000)	*(RMB/g)*	*(g'000)*	*(RMB/g)*	*(g'000)*	*(RMB/g)*
Pure gold jewelry	1,161	650	1,133	676	2,199	729
Gem-set jewelry	840	835	807	914	1,982	1,043

Notes:

(1) Sales volume refers to the total weight of gold used in the jewelry products sold.

(2) Average selling price equals actual prices we charged the customers (including taxes and other charges payable by consumers, and net of discounts if any) for the relevant products during a year divided by the sales volume of such products during the same year. As we recorded our revenue after deducting taxes and other charges payable by consumers, the product of sales volume and average selling price in the table is greater than the revenue we recorded for the relevant years.

Sales of Pure Gold Jewelry Products

Pure gold jewelry products refer to jewelry made of high-purity gold, designs of which range from accessories for daily wear such as pendants, bangles, rings, and ear studs, to jewelry with greater gram weight, such as ornaments and vessels. We set a fixed price for each pure gold jewelry product, taking various factors, including the gold price, the gram weights of gold material used and the intricacy and complexity of the products' design and craftsmanship, into consideration.

Sales of pure gold jewelry products were our main source of revenue during the Track Record Period. Our revenue from sales of pure gold products were RMB655.4 million, RMB661.0 million and RMB1,394.3 million, representing 51.8%, 51.1% and 43.9% of our total revenue in 2021, 2022 and 2023, respectively. The fluctuation of our sales of pure gold jewelry products during the Track Record Period was mainly associated with the fluctuation of gold price and sales volume, primarily driven by (i) macroeconomic environment and consumers' willingness to pay; (ii) the number of our boutiques; (iii) the launch of new products; and (iv) our brand recognition, during the Track Record Period.

The sales volume of our pure gold jewelry slightly decreased from 1,161 kg in 2021 to 1,133 kg in 2022, primarily due to the temporary closure of some of our boutiques as a result of the impact of the COVID-19. The sales volume of our pure gold jewelry products significantly increased from 1,133 kg in 2022 to 2,199 kg in 2023, mainly due to (i) the recovery of economic activities in 2023, whereas our sales were affected by the COVID-19 in 2022; (ii) the expansion of our boutique network; (iii) consumers' preference for high-quality heritage gold jewelry products with strong aesthetic attributes with the upgrading of consumption concept; (iv) our increased brand awareness; (v) the iteration of our pure gold jewelry product series, mainly including pure gold decorative ornaments, pendants and bracelets; and (vi) the increase in gold price, which boosted consumers' willingness to purchase gold products, mainly as gold jewelry products not only have aesthetic and consumption values, but are also considered by many consumers as having certain investment values, given that gold is a kind of safe-haven asset, especially when the domestic and global political and economic environment is faced with uncertainty, according to Frost & Sullivan.

The average selling price of our pure gold jewelry products was RMB650/g, RMB676/g and RMB729/g in 2021, 2022 and 2023, respectively. The average selling price of our pure gold jewelry products increased during the Track Record Period, primarily as the price of gold, which is a key factor we take into consideration to determine the price of our pure gold jewelry products, generally increased during the Track Record Period.

Sales of Gem-Set Jewelry Products

Our gem-set jewelry products refer to jewelry with diamonds or other gemstones inlaid in high-purity gold. We set a fixed price for each gem-set jewelry product, taking various factors, including the price of the raw materials used, the gram weights of gold material used and the intricacy and complexity of the products' design and craftsmanship, into consideration.

Our revenue from sales of gem-set jewelry products were RMB603.1 million, RMB629.5 million and RMB1,780.7 million, representing 47.7%, 48.6% and 56.0% of our total revenue in 2021, 2022 and 2023, respectively. The increase of our sales of gem-set jewelry products during the Track Record Period was mainly associated with the fluctuation of the price of raw materials including gold, diamonds and other gemstones, as well as the sales volume primarily driven by (i) macroeconomic environment and consumers' willingness to pay; (ii) the number of our boutiques; (iii) the launch of new products; and (iv) our brand recognition. The percentage of the sales of gem-set jewelry products of our total revenue increased during the Track Record Period, mainly as we launched new series of gem-set jewelry products embedded with innovative craftsmanship and novel designs in late 2019, which sparks a new trend in the heritage gold industry thanks to their innovative craftsmanship and novel designs. As a result, the sales of our gem-set jewelry products began to explode from the second half of 2020 onward, with a greater increase in sales in 2021 as we continuously introduced new styles of products to meet the changing trends and consumer needs.

The sales volume of our gem-set jewelry products slightly decreased from 840 kg in 2021 to 807 kg in 2022, primarily due to the temporary closure of some of our boutiques as a result of the impact of the COVID-19. The sales volume of our gem-set jewelry products significantly increased from 807 kg in 2022 to 1,982 kg in 2023, mainly due to (i) the recovery of economic activities in 2023, whereas our sales were affected by the COVID-19 in 2022; (ii) the expansion of our boutique network; (iii) consumers' preference for high-quality gem-set heritage gold jewelry products with strong aesthetic attributes with the upgrading of consumption concept; (iv) our increased brand awareness; (v) the iteration of our gem-set jewelry product series, mainly including gem-set pendants, rings and bracelets; and (vi) the increase in gold price, which boosted consumers' willingness to purchase gold products, mainly as gold jewelry products not only have aesthetic and consumption values, but are also considered by many consumers as having certain investment values, given that gold is a kind of safe-haven asset, especially when the domestic and global political and economic environment is faced with uncertainty, according to Frost & Sullivan.

The average selling price of our gem-set jewelry products was RMB835/g, RMB914/g and RMB1,043/g in 2021, 2022 and 2023, respectively. The average selling price of our gem-set jewelry products increased during the Track Record Period, primarily as the price of gold and gemstones, which is a key factor we take into consideration to determine the price of our gem-set jewelry products, generally increased during the Track Record Period.

Others

Others mainly include revenues generated from (i) the sales of non-gold jewelry products primarily made of gemstones; and (ii) the provision of maintenance and repair services for jewelry products sold by us, as our after-sales services.

Our revenue from sales of other materials products were RMB6.2 million, RMB3.7 million and RMB4.6 million, representing 0.5%, 0.3% and 0.1% of our total revenue in 2021, 2022 and 2023, respectively.

Revenue Breakdown by Sales Channels and Geographical Markets

The following table sets forth a breakdown of our revenue by sales channels and geographical markets, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Boutiques	**1,135,357**	**89.8**	**1,126,308**	**87.0**	**2,818,483**	**88.6**
Mainland China[1]	1,121,886	88.7	1,103,639	85.3	2,663,421	83.7
Tier-one cities	*619,931*	*49.0*	*553,085*	*42.7*	*1,481,208*	*46.6*
New tier-one cities	*355,733*	*28.1*	*371,242*	*28.7*	*813,869*	*25.6*
Other cities	*146,222*	*11.6*	*179,312*	*13.9*	*368,344*	*11.5*
Hong Kong and Macau	13,471	1.1	22,669	1.7	155,062	4.9
Online platforms[2]	**129,246**	**10.2**	**167,912**	**13.0**	**361,081**	**11.4**
Total	**1,264,603**	**100.0**	**1,294,220**	**100.0**	**3,179,564**	**100.0**

Notes:

(1) Tier-one cites where our boutiques are located include Beijing, Shanghai, Guangzhou, and Shenzhen. New tier-one cities where our boutiques are located include Nanjing, Xi'an, Hangzhou, Chengdu, Wuhan, and Tianjin. Other cities where our boutiques are located include Shenyang, Xiamen, Nanning, and Fuzhou.

(2) Consisting of sales through third-party e-commerce platforms including Tmall and JD.com, as well as WeChat Mini Program that we developed to streamline our customer experience and increase our online sales.

We derived a material portion of our revenue from sales through our offline boutiques, which amounted to RMB1,135.4 million, RMB1,126.3 million and RMB2,818.5 million, representing 89.8%, 87.0% and 88.6% in 2021, 2022 and 2023, respectively. Tier-one cities and new tier-one cities were the major regions in which we generated revenue, primarily as we focus on high-net-worth customer group and strategically established a sales network layout, with most of our boutiques locating in luxury and fashion districts of tier-one cities and new tier-one cities across China to better cover the targeted customer group. For more details of our network of boutiques, see "Business — Product Sales — Our Boutiques" in this document.

We also generated a portion of revenue from online platforms, including our flagship stores on Tmall and JD.com as well as our WeChat Mini Program, which amounted to RMB129.2 million, RMB167.9 million and RMB361.1 million, representing 10.2%, 13.0% and 11.4% in 2021, 2022 and 2023, respectively. For more details, see "Business — Product Sales — Our Online Sales Channels" in this document.

Cost of Sales

Our cost of sales primarily consisted of costs of material costs, self-production costs mainly including direct labor costs and factory overhead costs, outsourcing processing fees, and packaging and others. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Material costs	688,703	92.6	692,103	92.0	1,719,976	93.1
Self-production costs	29,336	4.0	36,841	4.9	63,064	3.4
Outsourcing processing fees	17,150	2.3	15,177	2.0	42,081	2.3
Packaging and others	8,413	1.1	7,961	1.1	22,486	1.2
Total	**743,602**	**100.0**	**752,082**	**100.0**	**1,847,607**	**100.0**

Our cost of sales were RMB743.6 million, RMB752.1 million and RMB1,847.6 million in 2021, 2022 and 2023, respectively. Our cost of sales increased along with our sales volume and price of materials, mainly as material costs accounted for a substantial majority of our cost of sales.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB521.0 million, RMB542.1 million and RMB1,332.0 million in 2021, 2022 and 2023, respectively, while our gross profit margin reached 41.2%, 41.9% and 41.9% during the same years.

Breakdown by Types of Goods or Services

The following table sets forth a breakdown of our gross profit and gross profit margin by types of goods or services for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Pure gold jewelry	248,628	37.9	251,220	38.0	514,516	36.9
Gem-set jewelry	269,265	44.6	289,100	45.9	815,596	45.8
Others	3,108	50.4	1,818	49.3	1,845	39.9
Total	**521,001**	**41.2**	**542,138**	**41.9**	**1,331,957**	**41.9**

Pure Gold Jewelry

During the Track Record Period, our gross profit for pure gold jewelry products amounted to RMB248.6 million, RMB251.2 million and RMB514.5 million in 2021, 2022 and 2023, respectively. The increase in gross profit for pure gold jewelry products during the Track Record Period was generally in line with the increase in revenue generated from the sales of pure gold jewelry products during the same years.

The gross profit margin for our pure gold products remained relatively stable at 37.9% and 38.0% in 2021 and 2022, respectively. The gross profit margin for our pure gold jewelry products decreased from 38.0% in 2022 to 36.9% in 2023, primarily because (i) we launched gold bar products by the end of 2022, which feature relatively simple craftsmanship and therefore have lower gross profit margin; (ii) this was partially offset by the increase in cost of sales, which was mainly due to the impact of increase in the purchase cost of gold.

Gem-Set Jewelry

During the Track Record Period, our gross profit for gem-set jewelry products amounted to RMB269.3 million, RMB289.1 million and RMB815.6 million in 2021, 2022 and 2023, respectively. The increase in gross profit for gem-set jewelry products during the Track Record Period was generally in line with the increase in revenue generated from the sales of gem-set jewelry products during the same years.

The gross profit margin for our gem-set jewelry products increased from 44.6% in 2021 to 45.9% in 2022, primarily because (i) we launched new gem-set jewelry product series, mainly including gem-set pendants and rings, bangles and decorative ornaments, featuring innovative craftsmanship and novel design with relatively higher gross profit margin in 2022; (ii) this was partially offset by the increase in cost of sales, which was mainly due to the impact of increase in the purchase cost of gold and gemstones. The gross profit margin for our gem-set jewelry products remained relatively stable at 45.9% and 45.8% in 2022 and 2023, respectively. The gross profit margin level of our gem-set jewelry products was relatively higher than the gross profit margin of our pure gold jewelry, mainly as (i) the design and craftsmanship of our gem-set jewelry products is generally more intricate and complex; and (ii) gem-set jewelry products, especially diamond-set jewelry products, generally have higher pricing space and profit margins since they are usually fixed-price products with high brand premiums, which is in line with the market, according to Frost & Sullivan.

Others

During the Track Record Period, our gross profit for other products and services amounted to RMB3.1 million, RMB1.8 million and RMB1.8 million in 2021, 2022 and 2023, respectively. Our gross profit margin for other products and services was 50.4%, 49.3% and 39.9% for the same years, respectively. The fluctuation in the gross profit and gross profit margin for others was mainly due to the change of the nature and mix of our other products and services in the corresponding years.

Breakdown by Sales Channels

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channels for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Boutiques	471,271	41.5	474,776	42.2	1,185,253	42.1
Online platforms	49,730	38.5	67,362	40.1	146,704	40.6
Total	**521,001**	**41.2**	**542,138**	**41.9**	**1,331,957**	**41.9**

During the Track Record Period, our gross profit for boutiques amounted to RMB471.3 million, RMB474.8 million and RMB1,185.3 million in 2021, 2022 and 2023, respectively. Our gross profit margin for boutiques was 41.5%, 42.2% and 42.1% for the same years, respectively.

During the Track Record Period, our gross profit for online platforms amounted to RMB49.7 million, RMB67.4 million and RMB146.7 million in 2021, 2022 and 2023, respectively. Our gross profit margin for online platforms was 38.5%, 40.1% and 40.6% for the same years, respectively.

Our gross profit margin for online platforms was generally slightly lower than that of offline boutiques during the Track Record Period, primarily because the majority of our online sales were generated when online platforms hosted promotional events, such as the Double 11 Shopping Festival (雙十一購物節) and the Double 12 Shopping Festival (雙十二購物節), and we recorded revenue for our product sales during such periods net of the relevant promotion expenses shared by us.

Other Income and Gains

Our other income and gains primarily consisted of interest income, government grants, foreign exchange differences, gains on disposal of items of property, plant and equipment and other assets and others. The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	123	168	350
Government grants*	4,543	3,047	1,016
Others	329	202	254
Gains			
Foreign exchange differences	30	73	560
Gain on disposal of items of property, plant and equipment and other assets	126	371	126
Others	415	416	344
Total	**5,566**	**4,277**	**2,650**

Note:

* Government grants have been received from local government authorities as subsidies to our Group, which mainly represented the subsidies related to our operating activities and the previous listing attempts. In 2021, the government grants we received mainly included (i) subsidies for proposed [**REDACTED**] of RMB2.2 million, and (ii) incentive funds for key enterprises of Dongcheng district of Beijing of RMB2.2 million. In 2022, the government grants we received mainly included (i) industrial support funds of Dongcheng district of Beijing of RMB2.1 million, and (ii) a rental subsidy in relation to our Yueyang Factory of RMB0.7 million. In 2023, the government grants we received mainly included two batches of rental subsidies in relation to our Yueyang Factory of RMB0.8 million and RMB0.3 million, respectively, and other subsidies in relation to social insurance, stable employment and training.

Our government grants during the Track Record Period included a rental subsidy relating to the lease of our Yueyang Factory premised on a ten-year lease and paid to us in batches on a yearly basis over the lease term, which has been recorded as deferred income. For more details, see "— Discussion of Selected Items From Consolidated Statements of Financial Position — Deferred Income" in this section. During the Track Record Period, except for the length of the abovementioned lease, there were no unfulfilled conditions or contingencies relating to these grants. Government grants are subject to the government's discretion and the receipt of such government grants is thus unpredictable.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of staff costs, shopping mall and platform commission fees, rental expenses, depreciation and amortization, advertising and promotion expenses, renovation expenses, transportation and miscellaneous expenses, share-based payments and others. For more details of the nature and arrangement of shopping mall and platform commissions fees and rental expenses, see "Business — Product Sales — Our Boutiques — Arrangements With Shopping Malls" in this document. The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs	95,245	112,014	172,491
Shopping mall and platform commission fees	62,061	60,912	162,957
Rental expenses	33,458	29,482	106,644
Depreciation and amortization	49,968	68,826	84,879
Advertising and promotion expenses	10,340	15,075	18,838
Renovation expenses	2,087	1,622	6,432
Transportation and miscellaneous expenses	2,207	2,082	3,972
Share-based payments	288	628	3,203
Others	6,781	6,536	19,931
Total	**262,435**	**297,177**	**579,347**

In 2021, 2022 and 2023, our selling and distribution expenses amounted to RMB262.4 million, RMB297.2 million and RMB579.3 million, respectively. Our selling and distribution expenses generally increased during the Track Record Period, mainly due to (i) an increase in staff costs as a result of the expansion of our sales team and an increase in the remuneration of our sales staff, which was in line with our business growth. In 2021, 2022 and 2023, the average number of our sales staff as of the end of each month was 277, 332 and 376, respectively, and the average monthly remuneration (including wages, bonuses, allowances, subsidies, social insurance and housing provident fund contributions) for our sales staff was RMB28.7 thousand, RMB28.1 thousand and RMB38.2 thousand, respectively; (ii) an increase in shopping mall and platform commission fees and rental expenses, which was in line with the increase in revenue from both boutique and online sales and depreciation and amortization primarily as a result of the expansion of our boutique network; and (iii) an increase in advertising and promotion expenses as a result of placing more advertisement in shopping malls and on e-commerce platforms.

Administrative Expenses

Our administrative expenses primarily consisted of staff costs, professional service fees, depreciation and amortization, bank charges, share-based payments, rental expenses and others. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Staff costs	52,854	57,498	82,144
Professional service fees	10,010	9,587	32,919
Depreciation and amortization	8,661	10,769	12,613
Bank charges	5,966	5,865	15,203
Share-based payments	3,852	1,080	5,128
Rental expenses	736	1,865	1,990
Others*	7,042	7,453	17,574
Total	**89,121**	**94,117**	**167,571**

Note:

* Others mainly included travel expenses, information technology costs, other taxes, transportation and miscellaneous charges, renovation expenses and others.

In 2021, 2022 and 2023, our administrative expenses amounted to RMB89.1 million, RMB94.1 million and RMB167.6 million, respectively. Our administrative expenses generally increased during the Track Record Period, mainly due to (i) an increase in staff costs as a result of the increasing number of our administrative employees and an increase in the remuneration of our administrative staff, which was in line with our business growth. In 2021, 2022 and

2023, the average number of our administrative staff as of the end of each month was 141, 166 and 183, respectively, and the average monthly remuneration (including wages, bonuses, allowances, subsidies, social insurance and housing provident fund contributions) for our administrative staff was RMB31.2 thousand, RMB28.9 thousand and RMB37.4 thousand, respectively; (ii) an increase in professional service fees primarily for legal and accounting professional services incurred as a result of our previous listing attempts in the corresponding years; (iii) an increase in others which mainly included travel expenses, information technology costs, other taxes, transportation and miscellaneous charges, renovation expenses and others; and (iv) an increase in bank charges relating to bank card settlements with customers due to the rising sales revenue.

Research and Development Expenses

Our research and development expenses primarily consisted of staff costs, share-based payments, depreciation and amortization and others. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs	8,239	8,174	10,235
Share-based payments	117	145	302
Depreciation and amortization	14	21	33
Others	41	185	150
Total	**8,411**	**8,525**	**10,720**

In 2021, 2022 and 2023, our research and development expenses amounted to RMB8.4 million, RMB8.5 million and RMB10.7 million, respectively. Our research and development expenses generally increased during the Track Record Period, mainly due to an increase in staff costs as a result of the increasing number of our research and development employees and an increase in their remuneration, which was in line with our business growth.

Other Expenses, Net

Our other expenses (net) primarily consisted of credit impairment losses, asset impairment losses, non-operating expenses and losses on disposal of assets. In 2021, 2022 and 2023, our other expenses (net) amounted to RMB0.7 million, RMB2.9 million and RMB5.3 million, respectively.

Finance Costs

Our finance costs primarily consisted of interest on bank loans, interest on lease liabilities and others. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	7,596	7,737	7,661
Interest on lease liabilities	3,993	9,148	10,415
Others	82	88	106
Total	**11,671**	**16,973**	**18,182**

In 2021, 2022 and 2023, our finance costs amounted to RMB11.7 million, RMB17.0 million and RMB18.2 million, respectively. The increase in our finance costs were mainly in relation to the amounts of our interest-bearing borrowings and lease liabilities.

Income Tax Expense

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

PRC Corporate Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), our Company and subsidiaries which operate in mainland China were subject to CIT at a rate of 25% on the taxable income during each of the Track Record Period.

Hong Kong Profits Tax

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

Macau Complementary Tax

Macau complementary tax was calculated at the excess progressive rate of 3% to 12% on the estimated assessable profit during each of the Track Record Period.

In 2021, 2022 and 2023, our income tax expenses amounted to approximately RMB40.3 million, RMB32.2 million and RMB137.2 million, respectively. The following table sets forth details of our income tax expenses for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current	41,698	33,601	140,471
Deferred	(1,369)	(1,360)	(3,304)
Total	**40,329**	**32,241**	**137,167**

Our effective tax rates were 26.2%, 25.4% and 24.8% in 2021, 2022 and 2023, respectively, which were generally in line with the statutory tax rate of 25.0%.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had fulfilled all our tax obligations and had no disputes or unresolved tax issues with relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue significantly increased by RMB1,885.4 million or 145.7%, from RMB1,294.2 million in 2022 to RMB3,179.6 million in 2023. Such increase was mainly due to the following factors:

(i) the recovery of economic activities in 2023, whereas our sales were affected by the COVID-19 in 2022. Specifically, for the 28 boutiques that had opened in 2022, 19 boutiques experienced temporary closure for a period ranging from three days to 75 days under the COVID-19 pandemic. Particularly, many of our boutiques located in Shanghai, Beijing, Xi'an and Shenyang were temporarily closed during the pandemic. Our revenue derived from the aforementioned cities increased by approximately RMB924.1 million from 2022 to 2023;

(ii) the outstanding sales performance of our new boutiques in Shenyang, Chengdu, Beijing, Macau, Guangzhou and Nanjing, which were opened in July 2022, December 2022, January 2023, June 2023, September 2023 and October 2023, respectively. The revenue contributed by the aforementioned new boutiques amounted to approximately RMB296.1 million in 2023. Such outstanding sales performance was mainly a result of (a) our enhanced brand image and product attractiveness, and (b) the relatively prime locations of our boutiques in the relevant shopping malls to reach more high net-worth customers. Most of our newly opened boutiques are located on the first or second floor of high-end shopping malls, being the best store location in shopping malls, as such location is usually a gathering place for high-end luxury brands, which can attract more high net-worth individuals and produce better product display and publicity effects with higher purchase conversion rate, according to Frost & Sullivan. Particularly, in view of the fact that we already had Shenyang MixC B1 Boutique since May 2019, we opened Shenyang MixC 2F Boutique in July 2022 and recorded outstanding sales performance from it in 2023, primarily as, in addition to the general factors applicable to our overall revenue growth for the corresponding years, (a) there is sufficient market demand for our products in Shenyang, (b) such boutique is located at the second floor of Shenyang MixC, one of the best store locations in the only high-end shopping mall in Shenyang, which can attract greater customer traffic, especially our target high net-worth individuals, and (c) the operation of our two boutiques on different floors in Shenyang MixC can create synergistic effect and foster greater customer interest and traffic, among others. Based on our historical successful experience of operating two boutiques on B1 and 1F of Beijing SKP which co-exist and produce synergistic benefits, we believe that, for our two boutiques in Shenyang MixC, the existing Shenyang MixC B1 Boutique has already accumulated reputation in the business circle, and will continue to play its advantages of convenient location with direct access to the subway underground passage and attract more passing potential customers, making us better positioned to leverage operation experience, established brand awareness, and existing relationship with MixC to accelerate growth; while the new Shenyang MixC 2F Boutique is able to attract more high net-worth individuals and new customers due to its better and more eye-catching location. The synergistic operation of our two boutiques in Shenyang MixC enables more comprehensive product displays and provides better services for customers, so as to meet the growing needs of customers and the market. According to Frost & Sullivan, it is not uncommon for industry peers to have more than one boutiques on different floors in the same shopping mall;

(iii) consumers' preference for high-quality heritage gold jewelry products with strong aesthetic attributes with the upgrading of consumption concept;

(iv) our increased brand awareness in 2023, we opened more pop-up stores to market our brand and products, and continued to enhance our brand awareness through conventional marketing activities. See "Business — Marketing and Promotion" in this document for details. However, we believe that the increasing popularity of our products among consumers is more attributable to our years of dedication to product and service quality. This has brought us a large number of spontaneous word-of-mouth referrals by our satisfied customers and contributed to significant increase in the sales volume of our products in 2023;

(v) the iteration of our product series, mainly including gem-set pendants and rings, and pure gold decorative ornaments, among others. The revenue contributed by the newly launched or iterated gem-set pendants and rings and pure gold decorative ornaments amounted to approximately RMB237.2 million and RMB64.3 million in 2023, respectively; and

(vi) the increase in gold price, which (a) boosted consumers' willingness to purchase gold products resulting in a higher sales volume, mainly as gold jewelry products not only have aesthetic and consumption values, but are also considered by many consumers as having certain investment values, given that gold is a kind of safe-haven asset, especially when the domestic and global political and economic environment is faced with uncertainty, according to Frost & Sullivan, and (b) led to a corresponding increase in the prices of our products. In 2023, we increased the prices of our products four times on March 10, March 20, May 11 and November 15, respectively. As a result, from 2022 to 2023, the average selling price of our pure gold jewelry and gem-set jewelry increased by 7.8% and 14.1%, respectively.

Our revenue growth rate from 2022 to 2023 was higher than industry peers, primarily as (a) compared with our industry peers that opened retail stores in a number far exceeding ours and with a wider coverage of both top-tier cities and lower-tier cities, we operated fewer boutiques, most of which were located in tier-one and new tier-one cities. Our concentration in a few tier-one and new tier-one cities resulted in our business being more affected by the COVID-19 pandemic in 2022 and experienced greater re-bound in 2023. According to Frost & Sullivan, from 2022 to 2023, the growth rate of heritage gold jewelry market size in tier-one and new tier-one cities was approximately 63.8%, whereas the growth rate of that in other-tier cities (second and lower-tier cities) from 2022 to 2023 was approximately 60.4%, as consumers in tier-one and new tier-one cities have stronger purchasing power and experienced a faster consumption recovery after the pandemic; and (b) in addition to the macroeconomic factors that were generally applicable to industry peers, our significant revenue growth was also attributable to company-specific factors, including the outstanding sales performance of our new boutiques, consumers' preference of high-quality heritage gold jewelry products, and our increased brand awareness, among other things, as disclosed above. As a result, in 2023, we opened five new boutiques in tier-one cities, new tier-one cities and Macau, all of which had achieved initial breakeven and cash investment payback. We also continued product iteration and launching in 2023 to meet market preference. In 2023, we updated and iterated 139 products, and launched 119 brand new products.

Cost of Sales

Our cost of sales increased by RMB1,095.5 million or 145.7%, from RMB752.1 million in 2022 to RMB1,847.6 million in 2023, which was generally in line with the increase in revenue in 2023.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by RMB789.9 million or 145.7%, from RMB542.1 million in 2022 to RMB1,332.0 million in 2023. Such increase was primarily due to the recovery of economic activities from the pandemic in the PRC, the continuous enrichment of our product portfolio and styles as well as the expansion of our offline boutiques in 2023.

Our gross profit margin generally remained stable at 41.9% in 2022 and 2023, respectively.

Other Income and Gains

Our other income and gains decreased by RMB1.6 million or 38.0%, from RMB4.3 million in 2022 to RMB2.7 million in 2023, mainly due to a decrease in government grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB282.1 million or 95.0%, from RMB297.2 million in 2022 to RMB579.3 million in 2023, mainly due to (i) an increase in shopping mall and platform commission fees, rental expenses, which was in line with the increase in revenue from both boutique and online sales and depreciation and amortization primarily as a result of the expansion of our boutique network; (ii) an increase in staff costs as a result of the expansion of our sales team and an increase in their remuneration, which was in line with our business growth; and (iii) an increase in advertising and promotion expenses as a result of placing more advertisement in shopping malls in 2023.

Administrative Expenses

Our administrative expenses increased by RMB73.5 million or 78.0%, from RMB94.1 million in 2022 to RMB167.6 million in 2023, mainly due to (i) an increase in staff costs in 2023 as a result of the increased number of our administrative staff and an increase in their remuneration, which was in line with our business growth; (ii) an increase in professional service fees primarily for legal and accounting professional services incurred as a result of our previous listing attempts and the [**REDACTED**]; (iii) an increase in others which mainly included travel expenses, information technology costs, other taxes, transportation and miscellaneous charges, renovation expenses and others; and (iv) an increase in bank charges relating to bank card settlements with customers due to the rising sales revenue.

Research and Development Expenses

Our research and development expenses increased by RMB2.2 million or 25.7%, from RMB8.5 million in 2022 to RMB10.7 million in 2023, mainly due to an increase in staff costs in 2023 as a result of the increased number of our research and development staff and an increase in their remuneration, which was in line with our business growth.

Other Expenses, Net

Our other expenses (net) increased by RMB2.4 million or 86.4%, from RMB2.9 million in 2022 to RMB5.3 million in 2023, mainly due to an increase in impairment of trade receivables and prepayments, deposits and other assets in 2023; partially offset by a decrease in non-operating expenses in 2023.

Finance Costs

Our finance costs increased by RMB1.2 million or 7.1%, from RMB17.0 million in 2022 to RMB18.2 million in 2023, mainly due to an increase in interest on lease liabilities in 2023.

Income Tax Expense

Our income tax expense increased by RMB105.0 million or 325.4%, from RMB32.2 million in 2022 to RMB137.2 million in 2023, which was generally in line with the change in our profit before tax.

Our effective tax rates were 25.4% and 24.8% in 2022 and 2023, respectively, which remained relatively stable for the corresponding years.

Profit and Net Profit Margin for the Year

As a result of the foregoing, our profit for the year increased by RMB321.8 million or 340.4%, from RMB94.5 million in 2022 to RMB416.3 million in 2023.

Our net profit margin increased from 7.3% in 2022 to 13.1% in 2023, mainly as our revenue increased significantly and outpaced the increases in our selling and distribution expenses and administrative expenses. In 2023, the fastest-growing items among our selling and distribution expenses include shopping mall and platform commission fees and rental expenses, which increased by RMB102.0 million and RMB77.2 million, respectively. Such increases were generally in line with our revenue growth as the rent or concession fees we paid to most of the shopping malls were increased as a result of the sales growth of our boutiques. Other than these two items, other components of our selling and distribution expenses and our administrative expenses were not recognized in a way proportionately relating to revenue (despite of the fact that each of them was affected by our expansion of boutique network and increase in product sales to a certain extent). Specifically, in selling and distribution expenses, staff costs increased from 2022 to 2023 at a lower rate as compared with revenue growth for the same year. Although sales staff typically receive commissions/incentives based on their sales performance as part of their remunerations, costs of sales staff are not tied to product sales in a linear way, primarily because (i) base salary for sales personnel accounted for approximately half of their remunerations, which was in fixed amounts and was not tied to the our products sales; and (ii) other portions of the remunerations for sales personnel include commissions based on their performance, i.e., they receive additional bonuses for personal sales exceeding a certain standard. This is a common incentive for sales personnel in the industry and does not lead to a proportional increase in staff costs relative to our product sales. Depreciation and amortization costs also increased from 2022 to 2023 at a lower rate. Such increase was related to the rental of newly opened boutiques, but was not proportionately related to our increased product sales. Advertising and promotion expenses increased from 2022 to 2023 at a lower rate as well, reflecting that our brand positioning and recognition were enhanced through spontaneous word-of-mouth referral by satisfied customers in addition to our efforts of displaying product advertisements. Moreover, in administrative expenses, staff costs increased from 2022 to 2023 at a lower rate as compared with revenue growth for the same year, primarily because a majority of the remunerations of administrative staff were in fixed amounts which were not tied to our product sales. Depreciation and amortization costs also increased from 2022 to 2023 at a lower rate primarily due to the decoration of newly expanded office space, which were also not related to revenue growth. As a result, although selling and distribution expenses and administrative expenses also increased significantly in 2023, such increases were not proportionately related to the significant increase in our revenue. As such, we recorded higher net profit margin in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by RMB29.6 million or 2.3%, from RMB1,264.6 million in 2021 to RMB1,294.2 million in 2022. Such increase was primarily attributable to (i) the increase in the number of our boutiques from 22 as of December 31, 2021 to 27 as of December 31, 2022; (ii) the increase in gold price, which led to a corresponding increase in the prices of our products; (iii) the launch of new product series, especially our gem-set jewelry products featuring innovative craftsmanship and novel design; and (iv) our increased brand awareness; partially offset by the negative effect of the pandemic on our offline sales in 2022.

Cost of Sales

Our cost of sales increased by RMB8.5 million or 1.1%, from RMB743.6 million in 2021 to RMB752.1 million in 2022, which was generally in line with the change in revenue in 2022.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by RMB21.1 million or 4.1%, from RMB521.0 million in 2021 to RMB542.1 million in 2022. Such increase was primarily due to the continuous enrichment of our product portfolio and styles as well as the expansion of our offline boutiques in 2022, partially offset by the negative impact of the pandemic in 2022.

The gross profit margin generally remained stable at 41.2% in 2021 and 41.9% in 2022.

Other Income and Gains

Our other income and gains decreased by RMB1.3 million or 23.2%, from RMB5.6 million in 2021 to RMB4.3 million in 2022, mainly due to a decrease in government grants as we no longer received subsidies in relation to the previous listing attempts in 2022.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB34.8 million or 13.2%, from RMB262.4 million in 2021 to RMB297.2 million in 2022, mainly due to (i) an increase in depreciation and amortization; (ii) an increase in staff costs as a result of the expansion of our sales team and an increase in their remuneration, which was in line with our business growth; and (iii) an increase in advertising and promotion expenses as a result of placing more advertisement in shopping malls and on e-commerce platforms in 2022.

Administrative Expenses

Our administrative expenses increased by RMB5.0 million or 5.6%, from RMB89.1 million in 2021 to RMB94.1 million in 2022, mainly due to (i) an increase in staff costs as a result of the increased number of our administrative staff in 2022; (ii) an increase in depreciation and amortization; and (iii) an increase in rental expenses primarily for our offices; partially offset by a decrease in share-based payments for our administrative staff.

Research and Development Expenses

Our research and development expenses generally remained stable at RMB8.4 million and RMB8.5 million in 2021 and 2022, respectively.

Other Expenses, Net

Our other expenses (net) increased by RMB2.2 million or 296.3%, from RMB0.7 million in 2021 to RMB2.9 million in 2022, mainly due to an increase in assets impairment and loss on disposal of property, plant and equipment and other assets as a result of the closure of one offline boutique in 2022.

Finance Costs

Our finance costs increased by RMB5.3 million or 45.4%, from RMB11.7 million in 2021 to RMB17.0 million in 2022, mainly due to an increase in our lease liabilities as we expanded our boutique network.

Income Tax Expense

Our income tax expense decreased by RMB8.1 million or 20.1%, from RMB40.3 million in 2021 to RMB32.2 million in 2022, mainly due to the decrease in our profit affected by the pandemic in 2022.

Our effective tax rate remained relatively stable at 26.2% and 25.4% in 2021 and 2022, respectively.

Profit and Net Profit Margin for the Year

As a result of the foregoing, our profit for the year decreased by RMB19.4 million or 17.0%, from RMB113.9 million in 2021 to RMB94.5 million in 2022.

Our net profit margin slightly decreased from 9.0% in 2021 to 7.3% in 2022, mainly as our revenue increased by 2.3% in 2022 while our selling and distribution expenses increased by 13.2% for the corresponding year.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)
Current assets				
Inventories	770,343	806,836	1,267,932	1,321,013
Trade receivables	104,432	100,266	376,325	749,992
Prepayments, deposits and other assets	22,915	37,598	61,741	50,498
Cash and cash equivalents	25,190	60,282	69,838	210,737
Total current assets	**922,880**	**1,004,982**	**1,775,836**	**2,332,240**
Current liabilities				
Trade payables	7,089	5,105	57,662	55,114
Other payables and accruals	67,862	63,798	140,090	197,366
Interest-bearing bank and other borrowings	136,601	136,231	127,754	158,441
Contract liabilities	5,630	8,819	27,766	201,091
Lease liabilities	45,824	71,512	101,394	113,955
Tax payable	4,261	5,916	19,478	35,273
Total current liabilities	**267,267**	**291,381**	**474,144**	**761,240**
Net current assets	**655,613**	**713,601**	**1,301,692**	**1,571,000**

Our non-current assets included property, plant and equipment, right-of-use assets, other intangible assets, deferred tax assets, prepayments, deposits and other assets. Our current assets included inventories, trade receivables, prepayments, deposits and other assets, restricted bank deposits, and cash and cash equivalents.

Our current liabilities included trade payables, other payables and accruals, interest-bearing bank and other borrowings, contract liabilities, lease liabilities and tax payable.

Our net current assets increased from RMB655.6 million as of December 31, 2021 to RMB713.6 million as of December 31, 2022, primarily due to (i) an increase in inventories of RMB36.5 million, (ii) an increase in cash and cash equivalents of RMB35.1 million, and (iii) an increase in prepayments, deposits and other assets of RMB14.7 million; partially offset by (i) a decrease in trade receivables of RMB4.2 million, and (ii) an increase in lease liabilities of RMB25.7 million.

Our net current assets further increased from RMB713.6 million as of December 31, 2022 to RMB1,301.7 million as of December 31, 2023, primarily due to (i) an increase in inventories of RMB461.1 million, and (ii) an increase in trade receivables of RMB276.1 million; partially offset by (i) an increase in other payables and accruals of RMB76.3 million, (ii) an increase in trade payables of RMB52.6 million, and (iii) an increase in lease liabilities of RMB29.9 million.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of leasehold improvements, furniture, fixtures and equipment, devices and equipment, motor vehicles, as well as plant and machinery. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Leasehold improvements	29,381	32,021	31,428
Furniture, fixtures and equipment	11,806	14,144	17,239
Devices and equipment	1,266	1,650	1,742
Motor vehicles	125	403	1,695
Plant and machinery	4,903	4,456	5,445
Total	**47,481**	**52,674**	**57,549**

Our property, plant and equipment increased from RMB47.5 million as of December 31, 2021 to RMB52.7 million as of December 31, 2022, and further to RMB57.5 million as of December 31, 2023, primarily due to (i) an increase in leasehold improvements and furniture, fixtures and equipment, mainly as we expanded our offline sales network and developed new boutiques during the Track Record Period; and (ii) an increase in plant and machinery in 2023, primarily as we increased the production and capacity of our Yueyang Factory due to the growing demand for our products.

Right-of-Use Assets

Our right-of-use assets primarily consisted of our lease of office premises and buildings and stores. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Office premises and buildings	38,903	32,925	26,158
Stores	134,359	162,801	226,061
Total	**173,262**	**195,726**	**252,219**

Our right-of-use assets increased from RMB173.3 million as of December 31, 2021 to RMB195.7 million as of December 31, 2022, and further to RMB252.2 million as of December 31, 2023, mainly as we leased more premises, buildings and stores for our expanded business and offline boutique network.

Other Intangible Assets

Our other intangible assets primarily consisted of trademark, software, and others. The following table sets forth the breakdown of our other intangible assets as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trademark	669	631	734
Software	1,692	1,988	1,603
Others	314	446	540
Total	**2,675**	**3,065**	**2,877**

Our other intangible assets increased from RMB2.7 million as of December 31, 2021 to RMB3.1 million as of December 31, 2022, mainly due to the update of our purchased office software and design of our official website. Our other intangible assets slightly decreased from RMB3.1 million as of December 31, 2022 to RMB2.9 million as of December 31, 2023, mainly due to the amortization.

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Our deferred tax assets were primarily in relation to impairment provision of financial assets, impairment provision of inventories, lease liabilities, amortization of intangible assets, accrued expenses, government grants and internal transactions. Our deferred tax assets increased from RMB7.9 million as of December 31, 2021 to RMB9.2 million as of December 31, 2022, mainly due to an increase in our unrealized profit balance from internal transactions incurred from the daily operation of our Group, which were generally in line with our business expansion. Our deferred tax assets further increased to RMB12.5 million as of December 31, 2023, primarily due to an increase in impairment provision of financial assets and lease, which was generally in line with our business expansion.

Prepayments, Deposits and Other Assets

Our prepayments, deposits and other assets primarily consisted of prepayments, deposits, other receivables, tax recoverable and other assets. The following table sets forth the breakdown of our prepayments, deposits and other assets as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments	6,352	26,888	35,341
Deposits	12,216	8,488	17,634
Other receivables	495	424	551
Tax recoverable	4,415	2,179	9,298
Impairment	(563)	(381)	(1,083)
	22,915	**37,598**	**61,741**
Non-current			
Deposits	9,365	20,799	31,699
Other assets	5,902	5,791	27,414
Impairment	(469)	(1,059)	(1,585)
	14,798	**25,531**	**57,528**

Our current prepayments, deposits and other assets primarily represented (i) prepayments mainly in relation to the rent paid in advance to shopping malls, purchase of raw materials, advertising and activity expenses, and capitalized portion of [**REDACTED**] expenses; (ii) deposits for short-term leases due within one year in relation to boutiques, office, staff dormitory and utilities; (iii) other receivables such as employee reserve, network service fee, software usage fee, advertising fee and renovation fee; and (iv) tax recoverable incurred primarily as a result of the timing difference between the procurement of raw materials and sales.

Our current prepayments, deposits and other assets increased from RMB22.9 million as of December 31, 2021 to RMB37.6 million as of December 31, 2022, mainly due to an increase in prepayments for purchase of gold in late 2022 to support our growing business. Our current prepayments, deposits and other assets further increased from RMB37.6 million as of December 31, 2022 to RMB61.7 million as of December 31, 2023, mainly as due to (i) an increase in deposits due within one year reclassified from the non-current deposits and relating to our new lease of stores; (ii) an increase in prepayments in relation to the rent paid in advance to shopping malls and purchase of raw materials; and (iii) an increase in tax recoverable primarily as we made bulk procurement of raw materials in the fourth quarter of 2023 considering our future expansion of gem-set jewelry product line and the recent market price trends, resulting in a large amount of input tax pending deduction.

Our non-current prepayments, deposits and other assets primarily represented (i) deposits for long-term leases due after one year in relation to boutiques, office, staff dormitory and utilities; and (ii) other assets mainly including prepayments for acquisition of long-term assets, and display and production molds charged to long-term amortized expenses.

Our non-current prepayments, deposits and other assets increased from RMB14.8 million as of December 31, 2021 to RMB25.5 million as of December 31, 2022, and further to RMB57.5 million as of December 31, 2023, mainly due to an increase in rental deposits which were in line with the increasing number of our leased boutiques.

As of the Latest Practicable Date, RMB64.3 million, accounting for approximately 51.0% of the gross carrying amounts of our prepayments, deposits and other assets as of December 31, 2023, was subsequently settled. The percentage of subsequent settlement of our prepayments, deposits and other assets is relatively low, mainly as 40.5% of the gross carrying amount of our prepayments, deposits and other assets as of December 31, 2023 was deposits for leases due within one or more years in relation to boutiques, office, staff dormitory and utilities, which would generally not be subsequently settled in a short term.

Inventories

Our inventories primarily consisted of finished goods, raw materials, work in progress and goods in transit. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	560,671	644,843	791,294
Raw materials	122,389	109,984	292,001
Work in progress	86,935	50,300	182,236
Goods in transit	348	1,709	2,401
Total	**770,343**	**806,836**	**1,267,932**

The following table sets forth breakdown of our raw materials inventories as of the end of each year comprising the Track Record Period:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	122,389	109,984	292,001
Gold	86,818	68,892	212,510
Diamond	21,307	27,530	60,569
Other gemstones	13,267	12,531	17,426
Other raw materials	997	1,031	1,496

Our inventories increased from RMB770.3 million as of December 31, 2021 to RMB806.8 million as of December 31, 2022, primarily attributable to an increase in finished goods, which was generally in line with the increase in the number of boutiques, as well as the increase in gold price in 2022; partially offset by a decrease in raw materials and work in progress, mainly as our purchasing and production plans was affected by the pandemic in 2022.

Our inventories further increased from RMB806.8 million as of December 31, 2022 to RMB1,267.9 million as of December 31, 2023. Such increase was primarily attributable to an increase in raw materials, finished goods and work in progress, which was in line with the expansion of our business.

Our inventory level was relatively high during the Track Record Period, accounting for 83.5%, 80.3% and 71.4% of our total current assets as of December 31, 2021, 2022 and 2023, respectively, mainly as (i) we need to maintain sufficient inventories of finished goods and raw materials to meet the growing demands for sales and production and to decorate our boutiques' scenery settings; (ii) our cash and cash equivalents are mainly utilized to purchase raw materials, operate our boutiques, or expand our boutique network to support our growing business, as we are still at a fast-growing stage; and (iii) our trade receivables level is relatively low, as in most cases, we settle the receivables with our customers on an immediate basis and no trade receivables with credit term arrangements are involved, and our trade receivables primarily represented receivables from shopping malls with a credit period of up to 60 days. According to Frost & Sullivan, it is not uncommon for gold jewelry companies to have a relatively high inventory to current assets ratio.

As of December 31, 2021, 2022 and 2023, our inventories with a carrying amount of RMB25.0 million, RMB30.6 million and RMB30.0 million were pledged as security for our bank loans, respectively. For more details, see Note 23 to the Accountants' Report in Appendix I to this document.

The following table sets forth a summary of our inventories turnover days for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
Inventories turnover days*.	357	383	205

Note:

* Inventories turnover days were calculated based on the average of opening and closing balance of inventories for the relevant year, divided by our cost of sales for the same year and multiplied by 365 days for each of 2021, 2022 and 2023.

Our inventories turnover days were more associated with the sales volume during the Track Record Period. Although we generally do not have a significant amount of slow-moving or obsolete stock, we may retain a portion of finished goods for display at our boutiques, which are normally sold at a slower pace than our other finished products. Our inventories turnover days were 357 days, 383 days and 205 days in 2021, 2022 and 2023, respectively. Our inventories turnover days during the Track Record Period were generally longer than our industry peers, but were still within the range of the industry level, according to Frost & Sullivan. Our inventories turnover days were mainly prolonged by our high-weight gold products, which are our differentiated series of products primarily targeting higher net-worth customers, and are normally sold at a slower pace than our other gold jewelry products, which is in line with the industry practice, according to Frost & Sullivan. The increase of our inventories turnover days 357 in 2021 to 383 in 2022 was mainly due to the negative impact of the recurrence of the pandemic on our offline sales in 2022. Our inventories turnover days significantly decreased to 205 in 2023, mainly as our sales grew rapidly and the efficiency of our supply chain management was improved with the elimination of the negative impact of the pandemic in 2023.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	631,336	625,103	1,125,892
1 to 2 years	100,480	121,743	79,219
2 to 3 years	24,723	38,760	40,743
Over 3 years	13,804	21,230	22,078
Total	**770,343**	**806,836**	**1,267,932**

During the Track Record Period, the age of our inventories generally maintained at a stable and healthy level. As of December 31, 2021, 2022 and 2023, most of our inventories were aged within 1 year, accounting for 82.0%, 77.5% and 88.8%, respectively. Our inventories of longer age mainly represented finished goods, especially high-weight gold products, which are our differentiated series of products primarily targeting higher net-worth customers, and are normally sold at a slower pace than our other gold jewelry products. According to Frost & Sullivan, it is not uncommon in the industry that high-weight gold products have a slower inventory turnover compared to other gold jewelry products, mainly as the price of high-weight gold products is higher and the customer base with purchasing power for such products is relatively smaller. To promote the sales of our long-aged gold jewelry products, we may transfer them internally to our other boutiques with higher sales turnover. We may also consider pulling from shelves and melting those products if they are not sold within an unusually long period.

We have in place a comprehensive and robust inventory management and security system, which includes vaults, 24-hour surveillance at our boutiques, insurance coverage and daily stock count. Our management and sales team proactively track and monitor the turnover and inventory level at each boutique based on sales information that is updated in our IT system on a realtime basis. For more details, see "Business – Our Logistics and Inventory Management – Inventory Management" in this document.

As of the Latest Practicable Date, RMB974.2 million, accounting for approximately 76.8% of our inventories as of December 31, 2023, was subsequently utilized.

Trade Receivables

In most cases, we settle the receivables with our customers on an immediate basis and no trade receivables with credit term arrangements are involved. Our trade receivables primarily represented receivables from shopping malls in accordance with the payment and settlement arrangements with them. For more details, see "Business — Product Sales — Our Boutiques — Arrangements With Shopping Malls" in this document. The following table sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	105,847	101,487	381,082
Impairment	(1,415)	(1,221)	(4,757)
Total	**104,432**	**100,266**	**376,325**

Our net trade receivables slightly decreased from RMB104.4 million as of December 31, 2021 to RMB100.3 million as of December 31, 2022, and then significantly increased to RMB376.3 million as of December 31, 2023, which was generally in line with our sales revenue.

We usually grant a credit period of up to 60 days to the relevant shopping malls. Overdue balances are reviewed regularly by our senior management. Trade receivables are non-interest-bearing. For more details, see Note 17 to the Accountants' Report in Appendix I to this document.

The following table sets forth an aging analysis of the trade receivables, based on the date of revenue recognition and net of loss allowance for impairment, as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	77,306	85,952	329,797
1 to 2 months	27,126	10,213	22,821
2 to 3 months	–	4,079	23,702
Over 3 months	–	22	5
Total	**104,432**	**100,266**	**376,325**

The following table sets forth a summary of our trade receivables turnover days for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
Trade receivables turnover days*	27	29	28

Note:

* Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days for each of 2021, 2022 and 2023.

Our trade receivables turnover days were 27 days, 29 days and 28 days in 2021, 2022 and 2023, respectively, which was in line with our credit policy and within the trade receivable turnover days of the industry. Our trade receivables turnover days generally remained stable in 2021, 2022 and 2023.

As of the Latest Practicable Date, RMB375.7 million, accounting for approximately 98.6% of our trade receivables outstanding as of December 31, 2023, was subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash and bank balances. The following table sets forth the breakdown of our cash and cash equivalents as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	25,190	60,282	69,838
Denominated in			
RMB	18,346	56,646	42,646
HKD	4,493	757	24,240
MOP	2,351	2,879	2,952
Total	**25,190**	**60,282**	**69,838**

Our cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made within three months depending on the immediate cash requirements of our Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Our cash and cash equivalents increased from RMB25.2 million as of December 31, 2021 to RMB60.3 million as of December 31, 2022, and further to RMB69.8 million as of December 31, 2023, mainly in line with our business expansion and the accumulation of our ongoing operations.

Trade Payables

Our trade payables primarily related to purchase of raw materials and services from third parties. Our trade payables to third parties are non-interest-bearing, and are normally settled on credit terms of one to three months after the invoice date.

Our trade payables decreased from RMB7.1 million as of December 31, 2021 to RMB5.1 million as of December 31, 2022, which was generally in line with the change in our sales volume due to the negative impact of the pandemic in 2022. Our trade payables significantly increased from RMB5.1 million as of December 31, 2022 to RMB57.7 million as of December 31, 2023, mainly due to an increase in purchase of raw materials to meet the growing demands for sales and production and an increase in outsourcing processing fees as a result of our business development.

The following table sets forth an aging analysis of the trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	5,712	4,329	29,829
1 to 2 months	642	357	27,621
2 to 3 months	320	56	119
Over 3 months	415	363	93
Total	**7,089**	**5,105**	**57,662**

The following table sets forth a summary of our trade payables turnover days for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
Trade payables turnover days*	6	3	7

Note:

* Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the cost of sales for the same year, and multiplied by 365 days for each of 2021, 2022 and 2023.

Our trade payables turnover days were 6 days, 3 days and 7 days in 2021, 2022 and 2023, respectively, which remained at a relatively low level, mainly as most of our purchase is gold and the payment of gold purchase is generally fully made in advance, which is in line with industry norm.

As of the Latest Practicable Date, RMB57,660 thousand, accounting for approximately 100.0% of our trade payables outstanding as of December 31, 2023, was subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of deposits, salary and welfare payables, other payables, accruals, interest payable and other tax payable. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current			
Deposits	3,000	3,800	3,800
Salary and welfare payables	36,664	32,539	63,268
Other payables	10,985	9,527	25,686
Accruals	4,895	6,627	27,340
Interest payable	305	392	110
Other tax payable	12,013	10,913	19,886
Total	**67,862**	**63,798**	**140,090**
Non-current			
Provisions	**1,794**	**2,184**	**2,418**

Our current other payables and accruals decreased from RMB67.9 million as of December 31, 2021 to RMB63.8 million as of December 31, 2022, mainly attributable to a decrease in bonus in salary and welfare payables to employees due to the slightly decreased offline sales affected by the pandemic in 2022. Our current other payables and accruals increased from RMB63.8 million as of December 31, 2022 to RMB140.1 million as of December 31, 2023, primarily due to (i) an increase in salary and welfare payables primarily because of the increased number of our employees and the rising salary level which was in line with our business growth; (ii) an increase in accruals, primarily representing the withholding of the rent/concession and other fees payable to the shopping malls, mainly resulting from (a) the increasing number of our leased/concession boutiques, and (b) our higher revenue for December 2023 compared to that for December 2022, primarily as the amount of monthly sales of boutique is one of the calculation bases of variable rent concession fees payable to shopping malls; (iii) an increase in other payables, mainly including the professional service fees for the [**REDACTED**], the renovation fees and advertising and promotion fees. We generally withhold the rent/concession and other fees payable and record them as accruals on a monthly basis, and generally settle such fees with the shopping malls within the following month. For more details, see "Business — Product Sales — Our Boutiques — Arrangements With Shopping Malls" in this document; and (iv) an increase in other tax payable, which was mainly due to the increase in our revenue.

Our non-current portion of other payables and accruals mainly represented provisions in relation to the projected restoration costs for our boutiques. Our non-current other payables and accruals generally increased during the Track Record Period, which were in line with the increase in the number of our boutiques.

Contract Liabilities

Contract liabilities primarily included advances received to deliver goods. The changes in contract liabilities during the Track Record Period were mainly due to the changes in advances received from customers in relation to the delivery of goods at the end of each Track Record Period. The advances are recognized as revenue at the time of delivery of goods. The following table sets forth the breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Advances received from customers	5,630	8,819	27,766

Our contract liabilities increased from RMB5.6 million as of December 31, 2021 to RMB8.8 million as of December 31, 2022, and further to RMB27.8 million as of December 31, 2023, mainly as we received increasing pre-sale orders and deposits for customized jewelry, which were generally in line with our business expansion. The significant increase of our contract liabilities from RMB8.8 million as of December 31, 2022 to RMB27.8 million as of December 31, 2023 was mainly due to (i) an increase in pre-sale orders which was in line with our sales growth in 2023; and (ii) an increase in deposits for customized jewelry, primarily as we received a large batch of deposits for a high-weight customized gold product in September 2023, which is expected to be delivered by September 30, 2024. For more details of pre-sale orders and customized products, see "Business — Our Products — Pre-Sale Orders and Customized Products" in this document. Our contract liabilities further increased significantly to RMB201.1 million as of March 31, 2024, primarily due to an increase in pre-sale orders as driven by the increased market demand in the first quarter of 2024.

As of the Latest Practicable Date, RMB16.2 million, accounting for approximately 58.4% of our contract liabilities as of December 31, 2023, was subsequently recognized as revenue.

Deferred Income

Our deferred income primarily represented government grants relating to the lease of our Yueyang Factory, which are premised on a ten-year lease and paid to us in batches on a yearly basis over the lease term. For more details of our government grants, see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Gains" in this section. We recorded deferred income of RMB0.6 million, RMB0.9 million and RMB1.2 million as of December 31, 2021, 2022 and 2023, respectively. The following table sets forth the breakdown of our deferred income as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	568	893	1,150
At beginning of year	650	568	893
Grants received during the year	–	677	812
Released to the statement of profit or loss during the year	(82)	(352)	(555)
At end of year	**568**	**893**	**1,150**

CASH FLOWS

Our use of cash primarily related to operating activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operations and bank borrowings.

The following table sets forth a summary of our cash flows information for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Operating profit before working capital changes	231,955	227,679	705,986
Changes in working capital			
Increase in inventories	(89,919)	(34,783)	(461,888)
(Increase)/decrease in trade receivables	(27,702)	4,368	(279,570)
Decrease/(increase) in prepayments, deposits and other receivables	15,214	(19,691)	(21,136)
(Decrease)/increase in trade payables	(6,837)	(1,984)	52,469
Increase in other payables and accruals	24,489	820	81,743
Increase in contract liabilities	2,625	3,190	18,947
Increase in deferred income	–	677	812
Cash generated from operations	**149,825**	**180,276**	**97,363**
Interest received	123	168	350
Income tax paid	(47,702)	(31,946)	(126,909)
Net cash flows from/(used in) operating activities	**102,246**	**148,498**	**(29,196)**
Net cash flows used in investing activities	**(30,949)**	**(34,583)**	**(59,218)**
Net cash flows from/(used in) financing activities	**(55,684)**	**(79,268)**	**98,973**
Net Increase in cash and cash equivalents	**15,613**	**34,647**	**10,559**
Cash and cash equivalents at beginning of the year	9,719	25,190	60,282
Effect of foreign exchange rate changes, net	(142)	445	(1,003)
Cash and cash equivalents at end of the year	**25,190**	**60,282**	**69,838**

Net Cash Flows From/(Used in) in Operating Activities

Net cash flows used in operating activities was RMB29.2 million in 2023, primarily due to profit before tax of RMB553.5 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of right-of-use assets of RMB91.4 million; (ii) depreciation of property, plant and equipment of RMB25.6 million; (iii) finance costs of RMB18.2 million; and (iv) negative changes in working capital. Adjustments for changes in working capital primarily included (i) increase in inventories of RMB461.9 million, and (ii) increase in trade receivables of RMB279.6 million; partially offset by increase in other payables and accruals of RMB81.7 million.

In order to improve our net operating cash outflow position in 2023, we intend to carry out the following strategies and measures: (i) improve our production efficiency and capacity by accelerating our production cycle; (ii) implement refined production management by assigning production plans based on projected sales volume, and increase the proportion of fast-moving products in our finished goods inventories to a proper extent; (iii) strengthen payment collection by increasing the percentage of payments directly collected by ourselves compared with payments collected by shopping malls first. For example, we plan to negotiate with more shopping malls that we cooperate with to use rent POS machine to collect payment; and (iv) strengthen cash and inventory monitoring and management so as to enhance fund utilization rate and maintain a healthy cash flow situation.

Net cash flows from operating activities was RMB148.5 million in 2022, primarily due to profit before tax of RMB126.8 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of right-of-use assets of RMB60.2 million; (ii) depreciation of property, plant and equipment of RMB20.5 million; (iii) finance costs of RMB17.0 million; and (iv) negative changes in working capital. Adjustments for changes in working capital primarily included (i) increase in inventories of RMB34.8 million, and (ii) increase in prepayments, deposits and other receivables of RMB19.7 million; partially offset by decrease in trade receivables of RMB4.4 million.

Net cash flows from operating activities was RMB102.2 million in 2021, primarily due to profit before tax of RMB154.2 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of right -of-use assets of RMB45.3 million; (ii) depreciation of property, plant and equipment of RMB12.8 million; (iii) finance costs of RMB11.7 million; and (iv) negative changes in working capital. Adjustments for changes in working capital primarily included (i) increase in inventories of RMB89.9 million, and (ii) increase in trade receivables of RMB27.7 million; partially offset by (i) increase in other payables and accruals of RMB24.5 million, and (ii) decrease in prepayments, deposits and other receivables of RMB15.2 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities was RMB59.2 million in 2023, primarily due to purchases of items of property, plant and equipment and other assets of RMB59.5 million, partially offset by proceeds from disposal of items of property, plant and equipment and other assets of RMB0.3 million.

Net cash flows used in investing activities was RMB34.6 million in 2022, primarily due to purchases of items of property, plant and equipment and other assets of RMB34.6 million, partially offset by proceeds from disposal of items of property, plant and equipment and other assets of RMB20,000.

Net cash flows used in investing activities was RMB30.9 million in 2021, primarily due to purchases of items of property, plant and equipment and other assets of RMB31.2 million, partially offset by proceeds from disposal of items of property, plant and equipment and other assets of RMB0.3 million.

Net Cash Flows From/Used in Financing Activities

Net cash flows from financing activities was RMB99.0 million in 2023, primarily consisting of (i) capital contribution received from issuance of ordinary shares of RMB221.8 million, and (ii) new bank and other borrowings of RMB127.0 million; partially offset by (i) repayment of bank loans and other borrowings of RMB138.0 million, (ii) payments of lease liabilities of RMB89.7 million, (iii) payment of lease deposits of RMB17.6 million, and (iv) interest paid of RMB5.7 million.

Net cash flows used in financing activities was RMB79.3 million in 2022, primarily consisting of (i) repayment of bank loans and other borrowings of RMB185.8 million, (ii) payments of lease liability of RMB63.3 million, (iii) payment of lease deposits of RMB7.9 million, and (iv) interest paid of RMB5.9 million; partially offset by new bank and other borrowings of RMB183.4 million.

Net cash flows used in financing activities was RMB55.7 million in 2021, primarily consisting of (i) repayment of bank loans and other borrowings of RMB199.0 million, (ii) payments of lease liability of RMB48.7 million, (iii) interest paid of RMB5.6 million, and (iv) payment of lease deposits of RMB5.2 million; partially offset by new bank loans and other borrowings of RMB199.1 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, and our primary uses of cash were to fund our capital expenditures and working capital. Taking into consideration (i) our strong cash flow in the past, and (ii) our inventory mainly representing gold which is liquid asset in nature, going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and [**REDACTED**] from the [**REDACTED**]. As of December 31, 2023, we had cash and cash equivalents of RMB69.8 million.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash and cash equivalents and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that the working capital available to us is sufficient for our requirements for at least 12 months from the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB31.2 million, RMB34.6 million and RMB59.5 million in 2021, 2022 and 2023, respectively. Our capital expenditures primarily comprised of purchases of items of property, plant and equipment and other assets, which were related to our newly opened boutiques, leased offices and premises and expanded factory.

We have an expansion plan of our boutique network in the future which estimated to require additional capital expenditure. For more details, see "Future Plans and [**REDACTED**]", "Business — Product Sales — Our Boutiques — Our Boutique Network and Strategy" and "Risk Factors – Risks Relating to Our Financial Position – We expect to incur additional capital expenditure and increase in depreciation and amortization expenses associated with the expansion of our boutique network" in this document.

CAPITAL COMMITMENTS

As of December 31, 2021, 2022 and 2023 we had capital commitments of RMB5.2 million, RMB1.8 million and RMB2.6 million, respectively, which were in relation to leasehold improvements that were contracted but not provided for. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for			
Leasehold improvements	5,237	1,790	2,569

INDEBTEDNESS

Our indebtedness mainly included interest-bearing bank and other borrowings and lease liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current				
Interest-bearing bank and other borrowings	136,601	136,231	127,754	158,441
Lease liabilities	45,824	71,512	101,394	113,955
Non-current				
Lease liabilities	129,029	127,185	165,419	173,444
Total	**311,454**	**334,928**	**394,567**	**445,840**

As of March 31, 2024, we had outstanding indebtedness representing interest-bearing bank and other borrowings of RMB158.4 million and lease liabilities of RMB287.4 million.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of March 31, 2024. Since March 31, 2024 and up to the Latest Practicable Date, there had not been any material change to our indebtedness.

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily consisted of bank and other borrowings. The following table sets forth the components of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank loans – secured	128,337	136,231	127,754	158,441
Current portion of long term bank loans – secured	8,013	–	–	–
Other borrowings – unsecured	251	–	–	–
Total	**136,601**	**136,231**	**127,754**	**158,441**

We recorded interest-bearing bank and other borrowings of RMB136.6 million, RMB136.2 million, RMB127.8 million and RMB158.4 million as of December 31, 2021, 2022 and 2023 and March 31, 2024, respectively.

All of our interest-bearing bank and other borrowings are fixed-rate borrowings repayable within one year and shown under current liabilities. As of December 31, 2021, 2022 and 2023, the range of the effective interest rate of our bank loans was 3.93% to 5.16%, 2.03% to 4.90% and 2.24% to 3.98% per annum, respectively. As of December 31, 2021, the effective interest rate of our other borrowings was 6.50% per annum. All of our interest-bearing bank loans and other borrowings are denominated in RMB.

As of December 31, 2021, 2022 and 2023, inventory of RMB25.0 million, RMB30.6 million and RMB30.0 million were pledged as securities for our interest-bearing bank loans. As of December 31, 2021, 2022 and 2023, certain of our bank borrowings were guaranteed and counter-guaranteed by our related parties (the "**Guaranteed Loans**"). As of the Latest Practicable Date, the outstanding principal amount of our interest-bearing bank and other borrowings due to the Independent Third Party lenders under the Guaranteed Loans amounted to approximately RMB104.0 million. We are in negotiation with those Independent Third Party lenders for the full release or replacement of the CP Guarantees with guarantees to be provided by our Group and/or any third party upon the [**REDACTED**]. Further to such negotiation, all those lenders agreed to and/or were willing to initiate their internal procedures in respect of issuance of consent letters to fully release the CP Guarantees or replace them with guarantees to be provided by our Group and/or any third party, subject to their respective internal approval procedures. If such consent letters could not be obtained, all amounts under the Guaranteed Loans will be repaid before [**REDACTED**]. For more details, see "Relationship With Our Controlling Shareholders – Independence From Our Controlling Shareholders – Financial Independence" in this document and Note 33 to the Accountants' Report in Appendix I to this document.

Our total facilities for bank and other borrowings amounted to RMB149.1 million, RMB156.2 million, RMB127.8 million and RMB189.0 million, of which RMB136.6 million, RMB136.2 million, RMB127.8 million and RMB104.0 million had been utilized as of December 31, 2021, 2022 and 2023 and the Latest Practicable Date, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining banking facilities.

Our Directors confirmed that as of the Latest Practicable Date, the agreements under our borrowings did not contain any material covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings, or breach of covenants.

Lease Liabilities

We recognize lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

We had lease liabilities of RMB174.9 million, RMB198.7 million, RMB266.8 million and RMB287.4 million as of December 31, 2021, 2022 and 2023 and March 31, 2024, respectively. The following table sets forth the breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Carrying amount at beginning of the year/period	68,821	174,853	198,697	266,813
New leases	59,185	68,338	133,585	36,481
Accretion of interest recognized during the year/period	3,993	9,148	10,415	3,508
Remeasurement of leases	–	(3,777)	–	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	91,950	15,621	13,180	12,632
COVID-19-related rent concessions from lessors	(97)	(3,282)	–	–

	As of December 31,			As of March 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Payments	(48,711)	(63,277)	(89,690)	(32,061)
Exchange realignment	(288)	1,073	626	26
Carrying amount at end of the year/period	174,853	198,697	266,813	287,399
Analyzed into:				
Current portion	45,824	71,512	101,394	113,955
Non-current portion	129,029	127,185	165,419	173,444
Total	**174,853**	**198,697**	**266,813**	**287,399**

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	As of/Year Ended December 31,		
	2021	**2022**	**2023**
Gross profit margin(1)	41.2%	41.9%	41.9%
Net profit margin(2)	9.0%	7.3%	13.1%
Return on equity(3)	16.0%	11.5%	34.9%
Return on total assets(4)	10.9%	7.7%	24.1%
Current ratio(5)	3.5x	3.4x	3.7x
Quick ratio(6)	0.6x	0.7x	1.1x
Gearing ratio(7)	17.7%	15.7%	8.4%
Debt to equity ratio(8)	14.5%	8.7%	3.8%

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.

(3) Return on equity was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on total assets was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(5) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(6) Quick ratio was calculated based on the total current assets less inventories and divided by the total current liabilities as of the relevant dates.

(7) Gearing ratio was calculated based on interest-bearing bank and other borrowings divided by total equity as of the relevant dates and multiplied by 100%.

(8) Debt to equity ratio was calculated based on interest-bearing bank and other borrowings net of cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%.

Gross Profit Margin

In 2021, 2022 and 2023, our gross profit margin was approximately 41.2%, 41.9% and 41.9%, respectively. For more discussion of the factors affecting our gross profit margin during the Track Record Period, see "— Review of Historical Results of Operations" in this section.

Net Profit Margin

In 2021, 2022 and 2023, our net profit margin was 9.0%, 7.3% and 13.1%, respectively. For more discussion of the factors affecting our net profit margin during the Track Record Period, see "— Review of Historical Results of Operations" in this section.

Return on Equity

Our return on equity decreased from 16.0% in 2021 to 11.5% in 2022, mainly due to a decrease in net profit in 2022 primarily attributable to the negative impact of the pandemic. Our return on equity ratio increased from 11.5% in 2022 to 34.9% in 2023, mainly due to the higher growth in net profit contributed by the significant increase in revenue and thanks to the elimination of the negative impact of the pandemic in 2023.

Return on Total Assets

Our return on total assets were 10.9%, 7.7% and 24.1% in 2021, 2022 and 2023, respectively, which were generally in line with the trend of return on equity.

Current Ratio

Our current ratio generally remained stable at 3.5x, 3.4x and 3.7x as of December 31, 2021, 2022 and 2023, respectively.

Quick Ratio

Our quick ratio was 0.6x, 0.7x and 1.1x as of December 31, 2021, 2022 and 2023, respectively. Such increase was mainly due to the greater increase in our current assets despite the growing inventories, which was in line with our business expansion and the accumulation of our ongoing operations.

Gearing Ratio

Our gearing ratio was 17.7%, 15.7% and 8.4% as of December 31, 2021, 2022 and 2023, respectively. Such decrease was mainly due to the greater increase in our total equity which was in line with our business expansion and the accumulation of our ongoing operations as well as the increase of our share capital as a result of the [**REDACTED**] investments we obtained in 2023.

Debt to Equity Ratio

Our debt to equity ratio was 14.5%, 8.7% and 3.8% as of December 31, 2021, 2022 and 2023, respectively. Such decrease was generally in line with our gearing ratio.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, the amount of which were at a relatively low level. In 2021, 2022 and 2023, our sales of goods to related parties amounted to RMB0.7 million, RMB0.3 million and RMB2.5 million, respectively. In addition, certain of our related parties provided guarantees and counter-guarantees in connection with our interest-bearing bank borrowings (the "**Guaranteed Loans**") up to RMB137.5 million, RMB138.0 million and RMB129.0 million as of December 31, 2021, 2022 and 2023, respectively. We are in negotiation with the Independent Third Party lenders for the full release or replacement of the CP Guarantees with guarantees to be provided by our Group and/or any third party upon the [**REDACTED**]. Further to such negotiation, all those lenders agreed to and/or were willing to initiate their internal procedures in respect of issuance of consent letters to fully release the CP Guarantees or replace them with guarantees to be provided by our Group and/or any third party, subject to their respective internal approval procedures. If such consent letters could not be obtained, all amounts under the Guaranteed Loans will be repaid before [**REDACTED**]. For more details, see Note 33 to the Accountants' Report in Appendix I to this document and "Relationship With Our Controlling Shareholders – Independence From Our Controlling Shareholders – Financial Independence" in this document.

Our Directors confirm that, all related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and market risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, see Note 36 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

Our Group trades only with recognized and creditworthy third parties. It is our 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 our Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

The accounts receivable and financial assets included in prepayments, deposits and other assets represent our Group's major exposure to the credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statement of financial position. Our Group's retail sales of jewelry and the transactions completed on boutiques and e-commerce platform are usually transacted on a cash basis, via popular credit cards or through reputable and dispersed shopping malls which help collect the sale proceeds and online sales platforms. Our Group has no significant concentrations of credit risk with respect to its retail business as it has a large number of diversified customers. Our Group's receivables generally arise from sales with department stores and e-commerce platforms, which are generally on credit terms within 60 days. Our Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimize the credit risk. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by senior management.

For more details, see Note 36 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

Our Group manages the risk of fund deficiency with a circular liquidity planning tool. The tool take both the due date of financial instrument and the expected cash flow generated from operations of our Group into consideration. Our Group aims to utilize bank loan along with other financing methods to maintain the balance between the consistency and flexibility financing activities.

For more details, see Note 36 to the Accountants' Report in Appendix I to this document.

Market Risk

Exchange Rate Risk

Our management believes the exchange risk of foreign currency is not significant as the majority of business transactions occur in mainland China and all domestic transactions are denominated in Renminbi (RMB).

Capital Management

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

Our 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, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

For more details, see Note 36 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividend has been proposed, paid or declared by our Company since its incorporation, or by any of the subsidiaries of our Group during the Track Record Period.

After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [**REDACTED**].

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of the losses incurred in the previous year;
- allocations to the statutory reserve equivalent to 10% of our profit after tax; and
- allocation to a discretionary common reserve of not less than 10% of our profit after tax that are approved by a shareholders' meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2023, the retained profits available for distribution to our Shareholders as of December 31, 2023 amounted to RMB674.9 million.

[**REDACTED**] EXPENSES

We estimate that the [**REDACTED**] expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) (including [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the estimated [**REDACTED**] range) will be incurred by our Company, among which (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses are approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (ii) non-[**REDACTED**]-related expenses are approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (b) other fees and expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million). As of December 31, 2023, we incurred a total of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of [**REDACTED**] expenses, among which RMB[**REDACTED**] million (HK$[**REDACTED**] million) were recognized in our statement of profit or loss, and RMB[**REDACTED**] million (HK$[**REDACTED**] million) were expected to be deducted from equity.

We estimate that additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) (assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the estimated [**REDACTED**] range) will be incurred by our Company, among which approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be charged to our statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be deducted from equity. Our [**REDACTED**] expenses as a percentage of [**REDACTED**] is [**REDACTED**]%, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the estimated [**REDACTED**] range and that the [**REDACTED**] is not exercised. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of our Group attributable to the equity shareholders of our Company as of December 31, 2023 as if the [**REDACTED**] had taken place on December 31, 2023.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to equity shareholders of our Company had the [**REDACTED**] been completed as of December 31, 2023 or any future date.

	Consolidated net tangible assets attributable to owners of our Company as of December 31, 2023	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the owners of our Company as of December 31, 2023	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company per Share as of December 31, 2023	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2, 4)*		*(Note 3)*	*(Note 4)*
Based on an [**REDACTED**] of HK$[**REDACTED**] per Share	1,512,539	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of HK$[**REDACTED**] per Share	1,512,539	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of HK$[**REDACTED**] per Share	1,512,539	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The consolidated net tangible assets attributable to the owners of our Company as of December 31, 2023 was equal to the audited net assets attributable to the owners of our Company as of December 31, 2023 of RMB1,515,416,000 after deducting of other intangible assets of RMB2,877,000 as of December 31, 2023 set out in the Appendix I to this document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] or HK$[**REDACTED**] per Share, after deduction of the [**REDACTED**] fees and other related expenses payable by our Company (excluding the [**REDACTED**] that have been charged to profit or loss during the Track Record Period) and do not take into account any share which may be sold and [**REDACTED**] upon exercise of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at after adjustments referred to in the preceding paragraphs above and on the basis that [**REDACTED**] Shares are in issue assuming the [**REDACTED**] have been completed on December 31, 2023.

(4) For the purpose of this unaudited [**REDACTED**] adjusted consolidated net tangible assets, the estimated [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi ("RMB") at an exchange rate of HK$1.00 to RMB[0.90886] and the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2023.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, other than as disclosed above and under "Recent Developments and No Material Adverse Change" in the "Summary" section in this document, there had been no material adverse change in our financial, operational or prospects since December 31, 2023, being the latest balance sheet date of our combined financial statements in the Accountants' in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENTS

For further details of recent developments of our Group, see "Summary — Recent Developments and No Material and Adverse Change" in this document.