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**APPENDIX I**

**ACCOUNTANTS’ REPORT**

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

*[To insert the firm’s letterhead]*

**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LAOPU GOLD CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED**

**Introduction**

We report on the historical financial information of Laopu Gold Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] 2024 (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**Directors’ responsibility for the Historical Financial Information**

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

**Reporting accountants’ responsibility**

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

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

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022 and 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

*Adjustments*

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

*Dividends*

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

*Certified Public Accountants*

Hong Kong

[●] 2024

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**I. HISTORICAL FINANCIAL INFORMATION**

**Preparation of Historical Financial Information**

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

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

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

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Year ended 31 December		
		2021	2022	2023
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Notes</i>			
REVENUE . . . . .	5	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	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 . . . . .	6	(11,671)	(16,973)	(18,182)
PROFIT BEFORE TAX . . . . .	7	154,209	126,770	553,469
Income tax expense . . . . .	10	(40,329)	(32,241)	(137,167)
PROFIT FOR THE YEAR . . . . .		<u>113,880</u>	<u>94,529</u>	<u>416,302</u>
Attributable to:				
Owners of the Company . . . . .		<u>113,880</u>	<u>94,529</u>	<u>416,302</u>
PROFIT FOR THE YEAR . . . . .		<u>113,880</u>	<u>94,529</u>	<u>416,302</u>
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations . . . . .		(718)	2,874	(839)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX . . . . .		(718)	2,874	(839)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR . . . . .		<u>113,162</u>	<u>97,403</u>	<u>415,463</u>
Attributable to:				
Owners of the Company . . . . .		<u>113,162</u>	<u>97,403</u>	<u>415,463</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted ( <i>RMB</i> ) . . . . .	12	<u>0.83</u>	<u>0.69</u>	<u>3.03</u>

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<i>Notes</i>	<b>As at 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment . . . . .	13	47,481	52,674	57,549
Right-of-use assets . . . . .	14(a)	173,262	195,726	252,219
Other intangible assets . . . . .	15	2,675	3,065	2,877
Deferred tax assets . . . . .	24	7,874	9,234	12,538
Prepayments, deposits and other assets . . . . .	18	14,798	25,531	57,528
Total non-current assets . . . . .		<u>246,090</u>	<u>286,230</u>	<u>382,711</u>
<b>CURRENT ASSETS</b>				
Inventories . . . . .	16	770,343	806,836	1,267,932
Trade receivables . . . . .	17	104,432	100,266	376,325
Prepayments, deposits and other assets . . . . .	18	22,915	37,598	61,741
Cash and cash equivalents . . . . .	19	25,190	60,282	69,838
Total current assets . . . . .		<u>922,880</u>	<u>1,004,982</u>	<u>1,775,836</u>
<b>CURRENT LIABILITIES</b>				
Trade payables . . . . .	20	7,089	5,105	57,662
Other payables and accruals . . . . .	21	67,862	63,798	140,090
Interest-bearing bank and other borrowings . . . . .	23	136,601	136,231	127,754
Contract liabilities . . . . .	22	5,630	8,819	27,766
Lease liabilities . . . . .	14(b)	45,824	71,512	101,394
Tax payable . . . . .		4,261	5,916	19,478
Total current liabilities . . . . .		<u>267,267</u>	<u>291,381</u>	<u>474,144</u>
NET CURRENT ASSETS . . . . .		<u>655,613</u>	<u>713,601</u>	<u>1,301,692</u>
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .		<u>901,703</u>	<u>999,831</u>	<u>1,684,403</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income . . . . .	25	568	893	1,150
Other payables and accruals . . . . .	21	1,794	2,184	2,418
Lease liabilities . . . . .	14(b)	129,029	127,185	165,419
Total non-current liabilities . . . . .		<u>131,391</u>	<u>130,262</u>	<u>168,987</u>
NET ASSETS . . . . .		<u>770,312</u>	<u>869,569</u>	<u>1,515,416</u>
<b>EQUITY</b>				
Equity attributable to owners of the Company . . . . .				
Share capital . . . . .	26	136,500	136,500	142,643
Reserves . . . . .	28	633,812	733,069	1,372,773
Total equity . . . . .		<u>770,312</u>	<u>869,569</u>	<u>1,515,416</u>

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Share premium*	Share- based payment reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(note 26)</i>	<i>(note 28)</i>	<i>(note 28)</i>	<i>(note 28)</i>	<i>(note 28)</i>		
At 1 January 2021 . . . . .	136,500	384,340	5,509	324	18,701	107,518	652,892
Profit for the year . . . . .	-	-	-	-	-	113,880	113,880
Other comprehensive loss for the year:							
Exchange differences on translation of the Company’s financial statements . . . . .	-	-	-	(718)	-	-	(718)
Total comprehensive income/(loss) for the year . . .	-	-	-	(718)	-	113,880	113,162
Transfer from retained profits . .	-	-	-	-	10,826	(10,826)	-
Share-based payments . . . . .	-	-	4,258	-	-	-	4,258
At 31 December 2021 . . . . .	<u>136,500</u>	<u>384,340</u>	<u>9,767</u>	<u>(394)</u>	<u>29,527</u>	<u>210,572</u>	<u>770,312</u>
At 1 January 2022 . . . . .	136,500	384,340	9,767	(394)	29,527	210,572	770,312
Profit for the year . . . . .	-	-	-	-	-	94,529	94,529
Other comprehensive income for the year:							
Exchange differences on translation of the Company’s financial statements . . . . .	-	-	-	2,874	-	-	2,874
Total comprehensive income for the year . . . . .	-	-	-	2,874	-	94,529	97,403
Transfer from retained profits . .	-	-	-	-	8,819	(8,819)	-
Share-based payments . . . . .	-	-	1,854	-	-	-	1,854
At 31 December 2022 . . . . .	<u>136,500</u>	<u>384,340</u>	<u>11,621</u>	<u>2,480</u>	<u>38,346</u>	<u>296,282</u>	<u>869,569</u>

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	Share capital	Share premium*	Share- based payment reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 26)</i>	<i>(note 28)</i>	<i>(note 28)</i>	<i>(note 28)</i>	<i>(note 28)</i>		
As at 1 January 2023 . . . . .	136,500	384,340	11,621	2,480	38,346	296,282	869,569
Profit for the year . . . . .	-	-	-	-	-	416,302	416,302
Other comprehensive income for the year:							
Exchange differences on translation of the Company’s financial statements . . . . .	-	-	-	(839)	-	-	(839)
Total comprehensive income for the year . . . . .	-	-	-	(839)	-	416,302	415,463
Issuance of ordinary shares . . .	6,143	218,858	-	-	-	-	225,001
Share issue expenses . . . . .	-	(3,250)	-	-	-	-	(3,250)
Transfer from retained profits . .	-	-	-	-	37,715	(37,715)	-
Share-based payments . . . . .	-	-	8,633	-	-	-	8,633
At 31 December 2023 . . . . .	<u>142,643</u>	<u>599,948</u>	<u>20,254</u>	<u>1,641</u>	<u>76,061</u>	<u>674,869</u>	<u>1,515,416</u>

\* These reserve accounts comprise the consolidated reserves of RMB633,812,000, RMB733,069,000 and RMB1,372,773,000 in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, respectively.

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax . . . . .		154,209	126,770	553,469
Adjustments for:				
Interest income . . . . .	5	(123)	(168)	(350)
Finance costs . . . . .	6	11,671	16,973	18,182
Gain on disposals of property, plant and equipment and other assets . . . . .		(126)	(371)	(126)
Loss on disposals of property, plant and equipment and other assets . . . . .		136	1,671	447
Impairment of property, plant and equipment and other assets . . . . .		–	631	–
Impairment/(reversal of impairment) of trade receivables . . . . .	17	490	(194)	3,536
Impairment of prepayments, deposits and other assets . . . . .	18	93	409	1,238
Write-down of inventories to net realisable value. . . . .	16	55	514	1,745
Depreciation of property, plant and equipment. . . . .	13	12,810	20,466	25,600
Depreciation of right-of-use assets . . . . .	14(a)	45,349	60,193	91,407
Amortisation of other intangible assets and other assets . . . . .		3,312	2,565	2,760
Covid-19-related rent concession from a lessor . . . . .	14(b)	(97)	(3,282)	–
Government grants released . . . . .	25	(82)	(352)	(555)
Equity-settled share-based payments . . . . .	27	4,258	1,854	8,633
		<u>231,955</u>	<u>227,679</u>	<u>705,986</u>
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
		<u>–</u>	<u>677</u>	<u>812</u>



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	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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 . . . . .		<u>102,246</u>	<u>148,498</u>	<u>(29,196)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of items of property, plant and equipment and other assets . . . . .		239	20	323
Purchases of items of property, plant and equipment and other assets . . . .		<u>(31,188)</u>	<u>(34,603)</u>	<u>(59,541)</u>
Net cash flows used in investing activities . . . . .		<u>(30,949)</u>	<u>(34,583)</u>	<u>(59,218)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from issuance of ordinary shares . . . . .		–	–	221,751
New bank and other borrowings . . . . .		199,093	183,410	127,037
Repayment of bank and other borrowings . . . . .		(198,950)	(185,750)	(138,000)
Cash received from lease deposits . . . .		3,675	166	1,242
Payment of lease deposits . . . . .		(5,156)	(7,901)	(17,646)
Payments of lease liabilities . . . . .	<i>14(b)</i>	(48,711)	(63,277)	(89,690)
Interest paid . . . . .		<u>(5,635)</u>	<u>(5,916)</u>	<u>(5,721)</u>
Net cash flows from/(used in) financing activities . . . . .		<u>(55,684)</u>	<u>(79,268)</u>	<u>98,973</u>
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 . . . . .		<u>(142)</u>	<u>445</u>	<u>(1,003)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR . . . . .	<i>19</i>	<u><u>25,190</u></u>	<u><u>60,282</u></u>	<u><u>69,838</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows . . . . .	<i>19</i>	<u><u>25,190</u></u>	<u><u>60,282</u></u>	<u><u>69,838</u></u>

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**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

	Notes	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>				
Investments in subsidiaries . . . . .	1	135,565	135,679	243,403
Property, plant and equipment . . . . .	13	17,260	26,917	32,161
Right-of-use assets . . . . .	14(a)	158,929	172,696	179,881
Other intangible assets . . . . .	15	2,662	3,055	2,835
Deferred tax assets . . . . .	24	1,378	1,240	3,468
Prepayments, deposits and other assets . . . . .	18	11,814	22,598	15,725
Total non-current assets . . . . .		327,608	362,185	477,473
<b>CURRENT ASSETS</b>				
Inventories . . . . .	16	771,716	774,431	1,096,075
Trade receivables . . . . .	17	104,190	100,006	372,870
Amounts due from a subsidiary . . . . .	33	–	12	36
Prepayments, deposits and other assets . . . . .	18	20,966	35,250	55,295
Cash and cash equivalents . . . . .	19	16,839	56,061	41,311
Total current assets . . . . .		913,711	965,760	1,565,587
<b>CURRENT LIABILITIES</b>				
Trade payables . . . . .	20	6,444	3,852	52,128
Amounts due to a subsidiary . . . . .	33	125,217	95,844	48,099
Other payables and accruals . . . . .	21	55,359	57,118	126,541
Interest-bearing bank and other borrowings . . . . .	23	123,582	131,225	127,754
Contract liabilities . . . . .	22	5,466	8,639	27,575
Lease liabilities . . . . .	14(b)	40,859	61,893	72,025
Tax payable . . . . .		3,689	4,424	13,958
Total current liabilities . . . . .		360,616	362,995	468,080
NET CURRENT ASSETS . . . . .		553,095	602,765	1,097,507
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .		880,703	964,950	1,574,980

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		<b>As at 31 December</b>		
	<i>Notes</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>NON-CURRENT LIABILITIES</b>				
Other payables and accruals . . . . .	21	1,794	2,184	2,262
Lease liabilities . . . . .	14(b)	118,588	112,401	114,819
Total non-current liabilities . . . . .		<u>120,382</u>	<u>114,585</u>	<u>117,081</u>
NET ASSETS . . . . .		<u>760,321</u>	<u>850,365</u>	<u>1,457,899</u>
<b>EQUITY</b>				
Share capital . . . . .	26	136,500	136,500	142,643
Reserves . . . . .	28	623,821	713,865	1,315,256
Total equity . . . . .		<u>760,321</u>	<u>850,365</u>	<u>1,457,899</u>

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**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

**1. CORPORATE INFORMATION**

Laopu Gold Co., Ltd. (the “Company”) is a company established in the People’s Republic of China (“PRC”) with limited liability. The address of the registered office of the Company is located at Rooms 3-6, 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang’an Avenue, Dongcheng District, Beijing, PRC.

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

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

Name	Place and date of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yueyang Laopu Gold Filigree Handcraft Co., Ltd. 岳陽老鋪黃金花絲工藝有限公司* (note a) . . . .	PRC/Chinese Mainland 28 March 2018	RMB100,000,000	100%	–	Manufacture and sale of jewellery
LAO PU (HONG KONG) Co., Ltd. 老鋪黃金(香港)有限公司 (note b) .	Hong Kong, 2 January 2018	HKD180,000,000	100%	–	Sale of jewellery
LAOPU (MACAU) Co., Ltd. 老鋪黃金(澳門)一人有限公司 (note a) . .	Macau, 17 September 2019	MOP5,000,000	–	100%	Sale of jewellery

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

*Notes:*

- a. No audited financial statements have been prepared for these entities for the Relevant Periods.
- b. The statutory financial statements of the entity for the year ended 31 December 2021 prepared under HKFRSs were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong while the statutory financial statements of the entity for the year ended 31 December 2022 were audited by Ernst & Young, Certified Public Accountants, Hong Kong. No audited financial statements have been prepared for the entity for the year ended 31 December 2023.

**Company**

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

	At 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Investments, at cost . . . . .	135,565	135,679	243,403

## APPENDIX I

## ACCOUNTANTS’ REPORT

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

#### **Basis of consolidation**

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

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

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

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

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

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

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

#### 2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28 . . . . .	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS 16 . . . . .	<i>Lease Liability in a Sale and Leaseback<sup>2</sup></i>
Amendments to IAS 1 . . . . .	<i>Classification of Liabilities as Current or Non-current<sup>2</sup></i>
Amendments to IAS 1 . . . . .	<i>Non-current Liabilities with Covenants<sup>2</sup></i>

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## ACCOUNTANTS’ REPORT

Amendments to IAS 7 and IFRS 7 . . . . .	<i>Supplier Finance Arrangements</i> <sup>2</sup>
Amendments to IAS 21 . . . . .	<i>Lack of Exchangeability</i> <sup>3</sup>
IFRS 18 . . . . .	<i>Presentation and Disclosure in Financial Statement</i> <sup>4</sup>

- <sup>1</sup> No mandatory effective date yet determined but available for adoption
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2024
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2025
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

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

### 2.3 MATERIAL ACCOUNTING POLICIES

#### Investments in subsidiaries

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

#### Fair value measurement

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

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

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

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

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

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

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### Impairment of non-financial assets

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

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

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

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

### Related parties

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

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

or

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

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

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

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

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

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

### Other intangible assets

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

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

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

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

### Research and development expenses

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

### Leases

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



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**ACCOUNTANTS’ REPORT**

*Group as a lessee*

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

(a) *Right-of-use assets*

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

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

(b) *Lease liabilities*

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

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

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

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

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

**Investments and other financial assets**

*Initial recognition and measurement*

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair

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value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

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

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

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

### *Subsequent measurement of financial assets*

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

#### *Financial assets at amortised cost (debt instruments)*

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

#### **Derecognition of financial assets**

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

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

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

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

#### **Impairment of financial assets**

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

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### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

### *Simplified approach*

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

### **Financial liabilities**

#### *Initial recognition and measurement*

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

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

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

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### *Subsequent measurement*

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

#### *Financial liabilities at amortised cost*

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

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

#### **Derecognition of financial liabilities**

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

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

#### **Offsetting of financial instruments**

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

#### **Inventories**

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

#### **Cash and cash equivalents**

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

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

#### **Income tax**

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

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

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

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

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

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

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

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

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

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

### **Government grants**

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

### **Revenue recognition**

#### ***Revenue from contracts with customers***

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

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

*(a) Sale of goods*

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

*(b) Maintenance and repair services*

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

### **Other income**

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

### **Contract liabilities**

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

### **Share-based payments**

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

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

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

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

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

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

### **Employee retirement benefits**

#### *Pension schemes*

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

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

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

### **Borrowing costs**

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

### **Foreign currencies**

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

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

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

The functional currencies of certain subsidiaries operating outside Chinese Mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

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

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### **Judgements**

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

#### ***Identification of a customer and gross versus net revenue recognition***

The Group enters into several concession agreements with certain shopping malls, under which shopping malls invoice end customers and pay the Group sales proceeds from the end customers less concession fees and other fees. The shopping malls act as an agent of the Group rather than the principal in the transaction since the shopping malls do not control the jewelry products before those 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 the Group acts as a principal. Revenue is recognised when control of the products has been transferred to the customer, and the concession fees and other fees to the shopping mall are charged to “Selling and distribution expenses”.

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

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



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### *Recognition of income taxes and deferred tax assets*

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

### **Estimation uncertainty**

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

### *Provision for expected credit losses on trade receivables*

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

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

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

### *Provision for expected credit losses on other financial assets*

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

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

### *Net realisable value of inventories*

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

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

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

### *Accrual of restoration obligation*

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

### *Share-based payment*

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

### *Deferred tax assets*

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

### *Leases — Estimating the incremental borrowing rate*

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

## **4. OPERATING SEGMENT INFORMATION**

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

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

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**Geographical information**

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

**Information about major customers**

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

**5. REVENUE, OTHER INCOME AND GAINS**

**Revenue**

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

*Revenue from contracts with customers*

(i) *Disaggregated revenue information*

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Types of goods or services</b>			
Sales of goods . . . . .	1,264,507	1,294,076	3,179,188
Maintenance and repair services . . . . .	96	144	376
Total revenue from contracts with customers. . . . .	<u>1,264,603</u>	<u>1,294,220</u>	<u>3,179,564</u>
<b>Geographical markets</b>			
Chinese Mainland . . . . .	1,251,132	1,271,551	3,024,502
Hong Kong and Macau. . . . .	13,471	22,669	155,062
Total revenue from contracts with customers. . . . .	<u>1,264,603</u>	<u>1,294,220</u>	<u>3,179,564</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time. . . . .	1,264,507	1,294,076	3,179,188
Service transferred at a point in time . . . . .	96	144	376
Total . . . . .	<u>1,264,603</u>	<u>1,294,220</u>	<u>3,179,564</u>
<b>Types of goods or services</b>			
Pure gold jewelry . . . . .	655,375	661,002	1,394,282
Gem-set jewelry . . . . .	603,061	629,528	1,780,658
Others . . . . .	6,167	3,690	4,624
Total . . . . .	<u>1,264,603</u>	<u>1,294,220</u>	<u>3,179,564</u>

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

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Sales of goods . . . . .	<u>3,008</u>	<u>5,630</u>	<u>8,819</u>

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(ii) *Performance obligations*

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

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is mainly on cash and credit card settlement under self-operated model. With respect to the collection by shopping malls of retail payment from customer would be made to the company within 30 or 60 days.

Maintenance and repair services

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

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

**Other income and gains**

	Year ended 31 December		
	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
	<u>4,995</u>	<u>3,417</u>	<u>1,620</u>
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
	<u>571</u>	<u>860</u>	<u>1,030</u>
Total . . . . .	<u><u>5,566</u></u>	<u><u>4,277</u></u>	<u><u>2,650</u></u>

\* Government grants have been received from local government authorities as subsidies to the Group, which mainly represent the subsidies related to the operating activities and [REDACTED]. Except for the lease term, there were no unfulfilled conditions or contingencies relating to these grants.

**6. FINANCE COSTS**

An analysis of finance costs is as follows:

	Year ended 31 December		
	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 . . . . .	<u><u>11,671</u></u>	<u><u>16,973</u></u>	<u><u>18,182</u></u>

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7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
Cost of inventories sold*		743,602	752,082	1,847,607
Depreciation of property, plant and equipment**	13	12,810	20,466	25,600
Depreciation of right-of-use assets**	14(a)	45,349	60,193	91,407
Amortisation of intangible assets and other assets		3,312	2,565	2,760
Lease payments not included in the measurement of lease liabilities	14(c)	90,617	75,437	196,427
Covid-19-related rent concessions from lessors	14(c)	(97)	(3,282)	–
Gain on disposals of property, plant and equipment and other assets***		(126)	(371)	(126)
Loss on disposals of property, plant and equipment and other assets***		136	1,671	447
Expenses related to previous A-share listing attempt****		6,120	8,327	10,953
[REDACTED] expense****		–	–	13,758
Equity-settled share-based payments		4,258	1,854	8,633
Employee benefit expenses (excluding directors’ and supervisors’ remunerations in note 8):				
Wages and salaries		152,530	176,479	276,029
Pension scheme contributions (defined contribution schemes)		11,405	16,093	19,268
Impairment of property, plant and equipment and other assets***		–	631	–
Impairment/(reversal of impairment) of trade receivables***	17	490	(194)	3,536
Impairment of prepayments, deposits and other assets***	18	93	409	1,238

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

\*\* The depreciation of property, plant and equipment and right-of-use assets is included in “Cost of sales”, “Selling and distribution expenses” and “Administrative expenses” in profit or loss, respectively.

\*\*\* The amounts are included in “Other income and gains” and “Other expense” in profit or loss.

\*\*\*\* The amounts are included in “Administrative expenses” in profit or loss.

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

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

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Fees . . . . .	480	480	526
Salaries, allowances and benefits in kind . . . . .	8,662	7,252	11,636
Pension scheme contributions . . . . .	318	348	378
Equity-settled share-based payments . . . . .	226	227	227
	<u>9,686</u>	<u>8,307</u>	<u>12,767</u>

**(a) Non-executive directors and independent non-executive directors**

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Year ended 31 December 2021</b>					
Independent non-executive directors:					
Mr. Yang Shizhong* . . . . .	240	–	–	–	240
Ms. Jin Xin* . . . . .	240	–	–	–	240
	<u>480</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>480</u>
<b>Year ended 31 December 2022</b>					
Independent non-executive directors:					
Mr. Yang Shizhong* . . . . .	240	–	–	–	240
Ms. Jin Xin* . . . . .	240	–	–	–	240
	<u>480</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>480</u>
<b>Year ended 31 December 2023</b>					
Independent non-executive directors:					
Mr. Yang Shizhong* . . . . .	190	–	–	–	190
Ms. Jin Xin* . . . . .	199	–	–	–	199
Ms. He Yurun* . . . . .	62	–	–	–	62
Mr. Sun Yijun* . . . . .	75	–	–	–	75
	<u>526</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>526</u>

\* Mr. Yang Shizhong resigned as the independent non-executive director of the Company on October 15, 2023 due to physical reasons and Ms. Jin Xin resigned as the independent non-executive director of the Company on October 29, 2023 due to the potential impact of Stock Exchange’s investigation on her.

Mr. Sun Yijun was appointed as the independent non-executive director of the Company on October 16, 2023 and Ms. He Yurun was appointed as the independent non-executive director of the Company on October 30, 2023.

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

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**(b) Executive directors and the chief executive**

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2021</b>					
Executive directors:					
Mr. Xu Gaoming (Chief executive) . . . . .	–	2,086	53	–	2,139
Mr. Feng Jianjun . . . . .	–	1,250	53	65	1,368
Mr. Xu Rui . . . . .	–	1,728	53	60	1,841
	–	5,064	159	125	5,348
<b>Year ended 31 December 2022</b>					
Executive directors:					
Mr. Xu Gaoming (Chief executive) . . . . .	–	1,991	58	–	2,049
Mr. Feng Jianjun . . . . .	–	1,125	58	65	1,248
Mr. Xu Rui . . . . .	–	1,497	58	60	1,615
	–	4,613	174	125	4,912
<b>Year ended 31 December 2023</b>					
Executive directors:					
Mr. Xu Gaoming (Chief executive) . . . . .	–	4,009	63	–	4,072
Mr. Feng Jianjun . . . . .	–	2,000	63	65	2,128
Mr. Xu Rui . . . . .	–	2,282	63	60	2,405
	–	8,291	189	125	8,605

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

**(c) Supervisors**

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2021</b>					
Ms. Peng Liuhua . . . . .	–	1,092	53	43	1,188
Ms. Xiao Yanhui . . . . .	–	1,097	53	48	1,198
Mr. Sui Wu* . . . . .	–	236	18	10	264
Ms. Zhang Tao* . . . . .	–	1,173	35	–	1,208
	–	3,598	159	101	3,858
<b>Year ended 31 December 2022</b>					
Ms. Peng Liuhua . . . . .	–	1,003	58	43	1,104
Ms. Xiao Yanhui . . . . .	–	983	58	48	1,089
Mr. Sui Wu* . . . . .	–	653	58	11	722
	–	2,639	174	102	2,915

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	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2023</b>					
Ms. Peng Liuhua . . . . .	–	1,283	63	43	1,389
Ms. Xiao Yanhui . . . . .	–	1,282	63	48	1,393
Mr. Sui Wu* . . . . .	–	780	63	11	854
	<u>–</u>	<u>3,345</u>	<u>189</u>	<u>102</u>	<u>3,636</u>

\* Ms. Zhang Tao resigned as the chairman of the Company’s board of supervisors in September 2021 and Mr. Sui Wu was appointed as a supervisor of the Group in September 2021.

**9. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during each of the Relevant Periods included two, two and two directors, respectively, details of whose remuneration are set out in note 8 above.

Details of the remuneration of the remaining highest paid employees, who are neither a director, chief executive nor a supervisor of the Company for each of the Relevant Periods are as follows:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind . . . . .	5,385	5,409	9,599
Pension scheme contributions . . . . .	106	116	126
Equity-settled share-based payments . . . . .	366	446	412
	<u>5,857</u>	<u>5,971</u>	<u>10,137</u>

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

	Year ended 31 December		
	2021	2022	2023
HK\$2,000,001 to HK\$2,500,000 . . . . .	3	2	1
HK\$2,500,001 to HK\$3,000,000 . . . . .	–	1	1
HK\$5,000,001 to HK\$5,500,000 . . . . .	–	–	1
	<u>3</u>	<u>3</u>	<u>3</u>

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



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**10. INCOME TAX EXPENSE**

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

**PRC Corporate Income Tax**

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

**Hong Kong Profits Tax**

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

**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 Relevant Periods.

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

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current . . . . .	41,698	33,601	140,471
Deferred ( <i>note 24</i> ). . . . .	(1,369)	(1,360)	(3,304)
	<u>40,329</u>	<u>32,241</u>	<u>137,167</u>

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

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit before tax . . . . .	154,209	126,770	553,469
Tax at the statutory tax rate of 25% . . . . .	38,552	31,693	138,367
Lower tax rate for specific provinces or enacted by local authority . . . . .	484	(9)	(2,726)
Expenses not deductible for tax . . . . .	42	39	149
Equity-settled share-based payments not deductible for tax . . . . .	1,064	464	2,158
Adjustments in respect of current tax of previous years . . . . .	–	–	(444)
Tax losses utilised from previous years . . . . .	(108)	(71)	(337)
Deductible temporary difference and tax losses not recognised . . . . .	295	125	–
Tax charge at the Group’s effective rate . . . . .	<u>40,329</u>	<u>32,241</u>	<u>137,167</u>

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**11. DIVIDENDS**

No dividends have been paid or declared by the Company during the Relevant Periods.

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

The calculation of the basic earnings per share amounts is based on the profit for the each of the Relevant Periods attributable to ordinary equity holders of the Company, and the weighted average numbers of ordinary shares of 136,500,000, 136,500,000 and 137,426,000 in issue during each of the Relevant Periods, respectively.

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

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Earnings:			
Profit attributable to ordinary equity holders of the Company . . . . .	113,880	94,529	416,302
	<u>113,880</u>	<u>94,529</u>	<u>416,302</u>
	Number of shares		
	Year ended 31 December		
	2021	2022	2023
	<i>'000</i>	<i>'000</i>	<i>'000</i>
Shares:			
Weighted average number of ordinary shares in issue during the year . . . . .	136,500	136,500	137,426
	<u>136,500</u>	<u>136,500</u>	<u>137,426</u>

**13. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Leasehold improvements	Furniture, fixtures and equipment	Devices and equipment	Motor vehicles	Plant and machinery	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2021</b>						
At 1 January 2021:						
Cost . . . . .	39,692	17,646	2,694	854	4,552	65,438
Accumulated depreciation and impairment . . . . .	(18,631)	(7,736)	(1,823)	(509)	(757)	(29,456)
Net carrying amount . . . . .	<u>21,061</u>	<u>9,910</u>	<u>871</u>	<u>345</u>	<u>3,795</u>	<u>35,982</u>

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	Leasehold improvements	Furniture, fixtures and equipment	Devices and equipment	Motor vehicles	Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021, net of accumulated depreciation and impairment . . . . .	21,061	9,910	871	345	3,795	35,982
Additions . . . . .	16,235	5,767	995	–	1,580	24,577
Disposal . . . . .	–	(164)	–	(57)	–	(221)
Depreciation provided during the year . . . . .	(7,881)	(3,694)	(600)	(163)	(472)	(12,810)
Exchange realignment . . . . .	(34)	(13)	–	–	–	(47)
At 31 December 2021, net of accumulated depreciation . . . . .	<u>29,381</u>	<u>11,806</u>	<u>1,266</u>	<u>125</u>	<u>4,903</u>	<u>47,481</u>
At 31 December 2021: Cost . . . . .	53,385	23,042	3,638	623	6,132	86,820
Accumulated depreciation . . . . .	(24,004)	(11,236)	(2,372)	(498)	(1,229)	(39,339)
Net carrying amount . . . . .	<u>29,381</u>	<u>11,806</u>	<u>1,266</u>	<u>125</u>	<u>4,903</u>	<u>47,481</u>
<b>31 December 2022</b>						
At 1 January 2022: Cost . . . . .	53,385	23,042	3,638	623	6,132	86,820
Accumulated depreciation . . . . .	(24,004)	(11,236)	(2,372)	(498)	(1,229)	(39,339)
Net carrying amount . . . . .	<u>29,381</u>	<u>11,806</u>	<u>1,266</u>	<u>125</u>	<u>4,903</u>	<u>47,481</u>
At 1 January 2022, net of accumulated depreciation . . . . .	29,381	11,806	1,266	125	4,903	47,481
Additions . . . . .	19,075	6,753	1,155	470	182	27,635
Disposal . . . . .	(1,555)	(95)	(2)	–	–	(1,652)
Depreciation provided during the year . . . . .	(14,479)	(4,397)	(769)	(192)	(629)	(20,466)
Impairment . . . . .	(559)	–	–	–	–	(559)
Exchange realignment . . . . .	158	77	–	–	–	235
At 31 December 2022, net of accumulated depreciation . . . . .	<u>32,021</u>	<u>14,144</u>	<u>1,650</u>	<u>403</u>	<u>4,456</u>	<u>52,674</u>
At 31 December 2022: Cost . . . . .	70,923	29,504	4,373	905	6,313	112,018
Accumulated depreciation . . . . .	(38,902)	(15,360)	(2,723)	(502)	(1,857)	(59,344)
Net carrying amount . . . . .	<u>32,021</u>	<u>14,144</u>	<u>1,650</u>	<u>403</u>	<u>4,456</u>	<u>52,674</u>

As at 31 December 2022, based on the impairment review results, the carrying amount of the cash-generating unit has been reduced to its recoverable amount of RMB205,000 through recognition of an impairment loss of RMB559,000.

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**Group**

	<b>Leasehold improvements</b>	<b>Furniture, fixtures and equipment</b>	<b>Devices and equipment</b>	<b>Motor vehicles</b>	<b>Plant and machinery</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2023</b>						
At 1 January 2023:						
Cost . . . . .	70,923	29,504	4,373	905	6,313	112,018
Accumulated depreciation . . . . .	(38,902)	(15,360)	(2,723)	(502)	(1,857)	(59,344)
Net carrying amount . . . . .	<u>32,021</u>	<u>14,144</u>	<u>1,650</u>	<u>403</u>	<u>4,456</u>	<u>52,674</u>
At 1 January 2023, net of accumulated depreciation . . . . .						
	32,021	14,144	1,650	403	4,456	52,674
Additions . . . . .	18,631	8,739	1,049	1,708	1,696	31,823
Disposal . . . . .	(288)	(404)	(2)	–	–	(694)
Depreciation provided during the year . . . . .	(18,271)	(5,251)	(955)	(416)	(707)	(25,600)
Exchange realignment . . . . .	(665)	11	–	–	–	(654)
At 31 December 2023, net of accumulated depreciation . . . . .	<u>31,428</u>	<u>17,239</u>	<u>1,742</u>	<u>1,695</u>	<u>5,445</u>	<u>57,549</u>
At 31 December 2023:						
Cost . . . . .	87,951	35,863	5,379	2,613	8,009	139,815
Accumulated depreciation . . . . .	(56,523)	(18,624)	(3,637)	(918)	(2,564)	(82,266)
Net carrying amount . . . . .	<u>31,428</u>	<u>17,239</u>	<u>1,742</u>	<u>1,695</u>	<u>5,445</u>	<u>57,549</u>

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Company

	Leasehold improvements	Furniture, fixtures and equipment	Devices and equipment	Motor vehicles	Plant and machinery	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2021</b>						
At 1 January 2021:						
Cost . . . . .	15,227	16,015	2,365	419	3	34,029
Accumulated depreciation . . . . .	(11,021)	(7,146)	(1,634)	(302)	–*	(20,103)
Net carrying amount . . . . .	<u>4,206</u>	<u>8,869</u>	<u>731</u>	<u>117</u>	<u>3</u>	<u>13,926</u>
At 1 January 2021, net of accumulated depreciation . . . . .						
	4,206	8,869	731	117	3	13,926
Additions . . . . .	6,940	4,600	446	–	–	11,986
Disposal . . . . .	–	(164)	–	(57)	–	(221)
Depreciation provided during the year . . . . .	(4,629)	(3,267)	(474)	(60)	(1)	(8,431)
At 31 December 2021, net of accumulated depreciation . . . . .	<u>6,517</u>	<u>10,038</u>	<u>703</u>	<u>–</u>	<u>2</u>	<u>17,260</u>
At 31 December 2021:						
Cost . . . . .	22,166	20,287	2,765	188	3	45,409
Accumulated depreciation . . . . .	(15,649)	(10,249)	(2,062)	(188)	(1)	(28,149)
Net carrying amount . . . . .	<u>6,517</u>	<u>10,038</u>	<u>703</u>	<u>–</u>	<u>2</u>	<u>17,260</u>

\* The amount of depreciation of plant and machinery is less than 1 thousand.

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Company

	Leasehold improvements	Furniture, fixtures and equipment	Devices and equipment	Motor vehicles	Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2022</b>						
At 1 January 2022:						
Cost . . . . .	22,166	20,287	2,765	188	3	45,409
Accumulated depreciation . . . . .	(15,649)	(10,249)	(2,062)	(188)	(1)	(28,149)
Net carrying amount . . . . .	<u>6,517</u>	<u>10,038</u>	<u>703</u>	<u>–</u>	<u>2</u>	<u>17,260</u>
At 1 January 2022, net of accumulated depreciation . . . . .						
	6,517	10,038	703	–	2	17,260
Additions . . . . .	17,883	6,704	1,007	470	–	26,064
Disposal . . . . .	(1,555)	(95)	(2)	–	–	(1,652)
Depreciation provided during the year . . . . .	(9,746)	(3,829)	(533)	(88)	–*	(14,196)
Impairment . . . . .	(559)	–	–	–	–	(559)
At 31 December 2022, net of accumulated depreciation . . . . .	<u>12,540</u>	<u>12,818</u>	<u>1,175</u>	<u>382</u>	<u>2</u>	<u>26,917</u>
At 31 December 2022:						
Cost . . . . .	38,249	26,604	3,350	470	3	68,676
Accumulated depreciation . . . . .	(25,709)	(13,786)	(2,175)	(88)	(1)	(41,759)
Net carrying amount . . . . .	<u>12,540</u>	<u>12,818</u>	<u>1,175</u>	<u>382</u>	<u>2</u>	<u>26,917</u>

\* The amount of depreciation of plant and machinery is less than 1 thousand.

As at 31 December 2022, based on the impairment review results, the carrying amount of the cash-generating unit has been reduced to its recoverable amount of RMB205,000 through recognition of an impairment loss of RMB559,000.

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**Company**

	<b>Leasehold improvements</b>	<b>Furniture, fixtures and equipment</b>	<b>Devices and equipment</b>	<b>Motor vehicles</b>	<b>Plant and machinery</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2023</b>						
At 1 January 2023:						
Cost . . . . .	38,249	26,604	3,350	470	3	68,676
Accumulated depreciation . . . . .	(25,709)	(13,786)	(2,175)	(88)	(1)	(41,759)
Net carrying amount . . .	<u>12,540</u>	<u>12,818</u>	<u>1,175</u>	<u>382</u>	<u>2</u>	<u>26,917</u>
At 1 January 2023, net of accumulated depreciation . . . . .						
	12,540	12,818	1,175	382	2	26,917
Additions . . . . .	14,954	7,477	739	1,707	–	24,877
Disposal . . . . .	(288)	(349)	(2)	–	–	(639)
Depreciation provided during the year . . . . .	(13,358)	(4,548)	(672)	(416)	–*	(18,994)
At 31 December 2023, net of accumulated depreciation . . . . .	<u>13,848</u>	<u>15,398</u>	<u>1,240</u>	<u>1,673</u>	<u>2</u>	<u>32,161</u>
At 31 December 2023:						
Cost . . . . .	51,599	31,770	4,044	2,177	3	89,593
Accumulated depreciation . . . . .	(37,751)	(16,372)	(2,804)	(504)	(1)	(57,432)
Net carrying amount . . .	<u>13,848</u>	<u>15,398</u>	<u>1,240</u>	<u>1,673</u>	<u>2</u>	<u>32,161</u>

\* The amount of depreciation of plant and machinery is less than 1 thousand.

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**14. LEASES**

**The Group/Company as a lessee**

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

*(a) Right-of-use assets*

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

**Group**

	<b>Office premises and buildings</b>	<b>Stores</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2021 . . . . .	10,297	56,414	66,711
Additions . . . . .	26,419	33,798	60,217
Depreciation charge . . . . .	(7,905)	(37,444)	(45,349)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	10,096	81,854	91,950
Exchange realignment . . . . .	(4)	(263)	(267)
As at 31 December 2021 and 1 January 2022 . . .	38,903	134,359	173,262
Additions . . . . .	5,001	64,508	69,509
Depreciation charge . . . . .	(11,377)	(48,816)	(60,193)
Remeasurement of leases . . . . .	(31)	(3,746)	(3,777)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	411	15,581	15,992
Exchange realignment . . . . .	18	987	1,005
Impairment . . . . .	–	(72)	(72)
As at 31 December 2022 and 1 January 2023 . . .	32,925	162,801	195,726
Additions . . . . .	4,776	129,322	134,098
Depreciation charge . . . . .	(12,127)	(79,280)	(91,407)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	581	12,649	13,230
Exchange realignment . . . . .	3	569	572
As at 31 December 2023 . . . . .	<u>26,158</u>	<u>226,061</u>	<u>252,219</u>

As at 31 December 2022, based on the impairment review results, the carrying amount of the cash-generating unit has been reduced to its recoverable amount of RMB25,000 through recognition of an impairment loss of RMB72,000.



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**Company**

	Office premises and buildings	Stores	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021 . . . . .	4,706	45,198	49,904
Additions . . . . .	23,739	33,798	57,537
Depreciation charge . . . . .	(6,737)	(33,725)	(40,462)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	10,096	81,854	91,950
As at 31 December 2021 and 1 January 2022 . . .	31,804	127,125	158,929
Additions . . . . .	4,315	51,889	56,204
Depreciation charge . . . . .	(9,859)	(44,463)	(54,322)
Remeasurement of leases . . . . .	(31)	(3,635)	(3,666)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	67	15,556	15,623
Impairment . . . . .	–	(72)	(72)
As at 31 December 2022 and 1 January 2023 . . .	26,296	146,400	172,696
Additions . . . . .	4,368	63,842	68,210
Depreciation charge . . . . .	(10,497)	(63,772)	(74,269)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	581	12,663	13,244
As at 31 December 2023. . . . .	20,748	159,133	179,881

As at 31 December 2022, based on the impairment review results, the carrying amount of the cash-generating unit has been reduced to its recoverable amount of RMB25,000 through recognition of an impairment loss of RMB72,000.

**(b) Lease liabilities**

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

**Group**

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at beginning of the year . . . . .	68,821	174,853	198,697
New leases . . . . .	59,185	68,338	133,585
Accretion of interest recognised during the year . .	3,993	9,148	10,415
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
Covid-19-related rent concessions from lessors . .	(97)	(3,282)	–
Payments . . . . .	(48,711)	(63,277)	(89,690)
Exchange realignment . . . . .	(288)	1,073	626
Carrying amount at end of the year . . . . .	174,853	198,697	266,813

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	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Analysed into:			
Current portion . . . . .	45,824	71,512	101,394
Non-current portion . . . . .	129,029	127,185	165,419
	<u>174,853</u>	<u>198,697</u>	<u>266,813</u>

**Company**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year . . . . .	50,923	159,447	174,294
New leases . . . . .	56,506	55,491	67,795
Accretion of interest recognised during the year . . . . .	3,204	8,400	8,360
Remeasurement of leases . . . . .	–	(3,666)	–
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	91,950	15,261	13,180
Covid-19-related rent concessions from lessors . . . . .	–	(2,026)	–
Payments . . . . .	(43,136)	(58,613)	(76,785)
Carrying amount at end of the year . . . . .	<u>159,447</u>	<u>174,294</u>	<u>186,844</u>
Analysed into:			
Current portion . . . . .	40,859	61,893	72,025
Non-current portion . . . . .	118,588	112,401	114,819
	<u>159,447</u>	<u>174,294</u>	<u>186,844</u>

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

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

**Group**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities . . . . .	3,993	9,148	10,415
Depreciation charge of right-of-use assets . . . . .	45,349	60,193	91,407
Expense relating to short-term leases . . . . .	27,512	28,331	31,485
Variable lease payments not included in the measurement of lease liabilities . . . . .	63,105	47,106	164,942
Covid-19-related rent concessions from lessors . . . . .	(97)	(3,282)	–
Impairment of right-of-use assets . . . . .	–	72	–
Total amount recognised in profit or loss . . . . .	<u>139,862</u>	<u>141,568</u>	<u>298,249</u>

*(d) Extension and termination options*

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

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(e) *Variable lease payments*

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

*Year ended 31 December, 2021*

	<u>Fixed payments</u>	<u>Variable payments</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Fixed rent . . . . .	37,331	–	37,331
Variable rent with minimum payment . . . . .	38,892	63,105	101,997
	<u>76,223</u>	<u>63,105</u>	<u>139,328</u>

*Year ended 31 December, 2022*

	<u>Fixed payments</u>	<u>Variable payments</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Fixed rent . . . . .	42,083	–	42,083
Variable rent with a minimum rental amount . . .	49,525	47,106	96,631
	<u>91,608</u>	<u>47,106</u>	<u>138,714</u>

*Year ended 31 December, 2023*

	<u>Fixed payments</u>	<u>Variable payments</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Fixed rent . . . . .	56,002	–	56,002
Variable rent with a minimum rental payment . . .	65,173	164,942	230,115
	<u>121,175</u>	<u>164,942</u>	<u>286,117</u>

**15. OTHER INTANGIBLE ASSETS**

**Group**

	<u>Trademark</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>31 December 2021</b>				
At 1 January 2021:				
Cost . . . . .	693	2,826	1,219	4,738
Accumulated amortisation and impairment . . . . .	(113)	(1,131)	(794)	(2,038)
Net carrying amount . . . . .	<u>580</u>	<u>1,695</u>	<u>425</u>	<u>2,700</u>

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**ACCOUNTANTS’ REPORT**

	<b>Trademark</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2021, net of accumulated amortisation and impairment . . . . .	580	1,695	425	2,700
Additions . . . . .	169	767	58	994
Amortisation provided during the year . . . . .	(80)	(770)	(169)	(1,019)
At 31 December 2021, net of accumulated amortisation . . . . .	<u>669</u>	<u>1,692</u>	<u>314</u>	<u>2,675</u>
At 31 December 2021:				
Cost . . . . .	862	3,592	1,047	5,501
Accumulated amortisation . . . . .	(193)	(1,900)	(733)	(2,826)
Net carrying amount . . . . .	<u>669</u>	<u>1,692</u>	<u>314</u>	<u>2,675</u>

<b>Trademark</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>

**31 December 2022**

At 1 January 2022:				
Cost . . . . .	862	3,592	1,047	5,501
Accumulated amortisation . . . . .	(193)	(1,900)	(733)	(2,826)
Net carrying amount . . . . .	<u>669</u>	<u>1,692</u>	<u>314</u>	<u>2,675</u>
At 1 January 2022, net of accumulated amortisation . . . . .	669	1,692	314	2,675
Additions . . . . .	61	1,085	211	1,357
Amortisation provided during the year . . . . .	(99)	(789)	(79)	(967)
At 31 December 2022, net of accumulated amortisation . . . . .	<u>631</u>	<u>1,988</u>	<u>446</u>	<u>3,065</u>
At 31 December 2022:				
Cost . . . . .	923	4,677	1,258	6,858
Accumulated amortisation . . . . .	(292)	(2,689)	(812)	(3,793)
Net carrying amount . . . . .	<u>631</u>	<u>1,988</u>	<u>446</u>	<u>3,065</u>

**Group**

<b>Trademark</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>

**31 December 2023**

At 1 January 2023:				
Cost . . . . .	923	4,677	1,258	6,858
Accumulated amortisation . . . . .	(292)	(2,689)	(812)	(3,793)
Net carrying amount . . . . .	<u>631</u>	<u>1,988</u>	<u>446</u>	<u>3,065</u>

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**ACCOUNTANTS’ REPORT**

	<u>Trademark</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023, net of				
accumulated amortisation . . . . .	631	1,988	446	3,065
Additions . . . . .	223	265	209	697
Amortisation provided during the				
year . . . . .	(120)	(650)	(115)	(885)
At 31 December 2023, net of				
accumulated amortisation . . . . .	<u>734</u>	<u>1,603</u>	<u>540</u>	<u>2,877</u>
At 31 December 2023:				
Cost . . . . .	1,146	4,942	1,467	7,555
Accumulated amortisation . . . . .	(412)	(3,339)	(927)	(4,678)
Net carrying amount . . . . .	<u>734</u>	<u>1,603</u>	<u>540</u>	<u>2,877</u>

**Company**

	<u>Trademark</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>31 December 2021</b>				
At 1 January 2021:				
Cost . . . . .	693	2,826	968	4,487
Accumulated amortization . . . . .	(113)	(1,131)	(559)	(1,803)
Net carrying amount . . . . .	<u>580</u>	<u>1,695</u>	<u>409</u>	<u>2,684</u>
At 1 January 2021, net of				
accumulated amortisation . . . . .	580	1,695	409	2,684
Additions . . . . .	169	767	58	994
Amortisation provided during the				
year . . . . .	(80)	(770)	(166)	(1,016)
At 31 December 2021, net of				
accumulated amortisation . . . . .	<u>669</u>	<u>1,692</u>	<u>301</u>	<u>2,662</u>
At 31 December 2021:				
Cost . . . . .	862	3,592	1,026	5,480
Accumulated amortisation . . . . .	(193)	(1,900)	(725)	(2,818)
Net carrying amount . . . . .	<u>669</u>	<u>1,692</u>	<u>301</u>	<u>2,662</u>

**Company**

	<u>Trademark</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>31 December 2022</b>				
At 1 January 2022:				
Cost . . . . .	862	3,592	1,026	5,480
Accumulated amortisation . . . . .	(193)	(1,900)	(725)	(2,818)
Net carrying amount . . . . .	<u>669</u>	<u>1,692</u>	<u>301</u>	<u>2,662</u>

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**ACCOUNTANTS’ REPORT**

	<b>Trademark</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022, net of accumulated amortization . . . . .	669	1,692	301	2,662
Additions . . . . .	61	1,085	211	1,357
Amortisation provided during the year . . . . .	(99)	(789)	(76)	(964)
At 31 December 2022, net of accumulated amortization . . . . .	<u>631</u>	<u>1,988</u>	<u>436</u>	<u>3,055</u>
At 31 December 2022: Cost . . . . .	923	4,677	1,237	6,837
Accumulated amortization . . . . .	(292)	(2,689)	(801)	(3,782)
Net carrying amount . . . . .	<u>631</u>	<u>1,988</u>	<u>436</u>	<u>3,055</u>
	<b>Trademark</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

**31 December 2023**

At 1 January 2023: Cost . . . . .	923	4,677	1,237	6,837
Accumulated amortisation . . . . .	(292)	(2,689)	(801)	(3,782)
Net carrying amount . . . . .	<u>631</u>	<u>1,988</u>	<u>436</u>	<u>3,055</u>
At 1 January 2023, net of accumulated amortization . . . . .	631	1,988	436	3,055
Additions . . . . .	186	265	210	661
Amortisation provided during the year . . . . .	(119)	(650)	(112)	(881)
At 31 December 2023, net of accumulated amortization . . . . .	<u>698</u>	<u>1,603</u>	<u>534</u>	<u>2,835</u>
At 31 December 2023: Cost . . . . .	1,109	4,942	1,447	7,498
Accumulated amortization . . . . .	(411)	(3,339)	(913)	(4,663)
Net carrying amount . . . . .	<u>698</u>	<u>1,603</u>	<u>534</u>	<u>2,835</u>

**16. INVENTORIES**

**Group**

	<b>At 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>770,343</u>	<u>806,836</u>	<u>1,267,932</u>

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**ACCOUNTANTS’ REPORT**

**Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods . . . . .	566,659	654,903	773,480
Raw materials . . . . .	118,084	67,627	135,326
Work in progress . . . . .	86,776	50,192	184,868
Goods in transit . . . . .	197	1,709	2,401
	<u>771,716</u>	<u>774,431</u>	<u>1,096,075</u>

As at 31 December 2021, 2022 and 2023, the Group’s and Company’s inventories with carrying amounts of RMB25,000,000, RMB30,600,000 and RMB30,000,000 were pledged as security for the Group’s and Company’s bank loans, as further detailed in note 23 to the financial information.

Write-downs of inventories to net realisable value amounted to RMB55,000, RMB514,000 and RMB1,745,000 for years ended 31 December 2021, 2022 and 2023. These were included in “Profit before tax” in the consolidated statement of profit or loss during the Relevant Periods.

**17. TRADE RECEIVABLES**

**Group**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	105,847	101,487	381,082
Impairment . . . . .	(1,415)	(1,221)	(4,757)
	<u>104,432</u>	<u>100,266</u>	<u>376,325</u>

**Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	105,603	101,226	377,620
Impairment . . . . .	(1,413)	(1,220)	(4,750)
	<u>104,190</u>	<u>100,006</u>	<u>372,870</u>

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

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

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

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

**Group**

	At 31 December		
	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 . . . . .	<u>104,432</u>	<u>100,266</u>	<u>376,325</u>

**Company**

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 1 month . . . . .	77,170	85,692	326,595
1 to 2 months . . . . .	27,020	10,213	22,572
2 to 3 months . . . . .	–	4,079	23,698
Over 3 months . . . . .	–	22	5
Total . . . . .	<u>104,190</u>	<u>100,006</u>	<u>372,870</u>

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

**Group**

	2021	2022	2023
	RMB'000	RMB'000	RMB'000
At beginning of the year . . . . .	925	1,415	1,221
Impairment/(reversal of impairment) losses, net (note 7) . . . . .	490	(194)	3,536
Exchange realignment . . . . .	–*	–*	–*
At end of the year . . . . .	<u>1,415</u>	<u>1,221</u>	<u>4,757</u>

\* The amount of exchange realignment is less than 1 thousand.

**Company**

	2021	2022	2023
	RMB'000	RMB'000	RMB'000
At beginning of the year . . . . .	922	1,413	1,220
Impairment/(reversal of impairment) losses, net . . . . .	491	(193)	3,530
At end of the year . . . . .	<u>1,413</u>	<u>1,220</u>	<u>4,750</u>



**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**Group and Company**

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

**Group**

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

**At 31 December 2021**

	Current	Past due			Total
		Less than 1 months	1 to 2 months	2 to 3 months	
Expected credit loss rate* . . .	1.34%	1.34%	–	–	1.34%
Gross carrying amount (RMB’000). . . . .	78,353	27,494	–	–	105,847
Expected credit losses (RMB’000). . . . .	<u>1,047</u>	<u>368</u>	<u>–</u>	<u>–</u>	<u>1,415</u>

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

**At 31 December 2022**

	Current	Past due			Total	
		Less than 1 months	1 to 2 months	2 to 3 months		
Expected credit loss rate* . . .	1.20%	1.20%	1.20%	1.20%	–	1.20%
Gross carrying amount (RMB’000). . . . .	86,999	10,337	4,129	22	–	101,487
Expected credit losses (RMB’000). . . . .	<u>1,047</u>	<u>124</u>	<u>50</u>	<u>–</u>	<u>–</u>	<u>1,221</u>

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

**At 31 December 2023**

	Current	Past due			Total	
		Less than 1 months	1 to 2 months	2 to 3 months		
Expected credit loss rate* . . .	1.25%	1.25%	1.25%	–	1.25%	1.25%
Gross carrying amount (RMB’000). . . . .	333,966	23,109	24,002	–	5	381,082
Expected credit losses (RMB’000). . . . .	<u>4,169</u>	<u>288</u>	<u>300</u>	<u>–</u>	<u>–</u>	<u>4,757</u>

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

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**Company**

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

**At 31 December 2021**

	Current	Past due				Total
		Less than 1 months	1 to 2 months	2 to 3 month	Over 3 months	
Expected credit loss rate* . . .	1.34%	1.34%	–	–	–	1.34%
Gross carrying amount (RMB’000). . . . .	78,217	27,386	–	–	–	105,603
Expected credit losses (RMB’000). . . . .	<u>1,047</u>	<u>366</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,413</u>

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

**At 31 December 2022**

	Current	Past due				Total
		Less than 1 months	1 to 2 months	2 to 3 month	Over 3 months	
Expected credit loss rate* . . .	1.21%	1.21%	1.21%	1.21%	–	1.21%
Gross carrying amount (RMB’000). . . . .	86,738	10,337	4,129	22	–	101,226
Expected credit losses (RMB’000). . . . .	<u>1,046</u>	<u>124</u>	<u>50</u>	<u>–</u>	<u>–</u>	<u>1,220</u>

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

**At 31 December 2023**

	Current	Past due				Total
		Less than 1 months	1 to 2 months	2 to 3 month	Over 3 months	
Expected credit loss rate* . . .	1.26%	1.26%	1.26%	–	1.26%	1.26%
Gross carrying amount (RMB’000). . . . .	330,755	22,860	24,000	–	5	377,620
Expected credit losses (RMB’000). . . . .	<u>4,160</u>	<u>288</u>	<u>302</u>	<u>–</u>	<u>–</u>	<u>4,750</u>

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

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

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**18. PREPAYMENTS, DEPOSITS AND OTHER ASSETS**

**Group**

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<b>Current</b>			
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)
	<u>22,915</u>	<u>37,598</u>	<u>61,741</u>
<b>Non-current</b>			
Deposits . . . . .	9,365	20,799	31,699
Other assets . . . . .	5,902	5,791	27,414
Impairment . . . . .	(469)	(1,059)	(1,585)
	<u>14,798</u>	<u>25,531</u>	<u>57,528</u>

**Company**

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<b>Current</b>			
Prepayments . . . . .	4,987	26,847	31,393
Deposits . . . . .	11,824	6,083	15,173
Other receivables . . . . .	413	393	379
Tax recoverable . . . . .	4,282	2,179	9,298
Impairment . . . . .	(540)	(252)	(948)
	<u>20,966</u>	<u>35,250</u>	<u>55,295</u>
<b>Non-current</b>			
Deposits . . . . .	6,828	18,151	14,616
Other assets . . . . .	5,327	5,374	1,839
Impairment . . . . .	(341)	(927)	(730)
	<u>11,814</u>	<u>22,598</u>	<u>15,725</u>

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

**Group**

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
At beginning of the year . . . . .	1,046	1,032	1,440
Impairment (note 7) . . . . .	93	409	1,238
Write-off . . . . .	(103)	(16)	(19)
Exchange realignment . . . . .	(4)	15	9
At end of the year . . . . .	<u>1,032</u>	<u>1,440</u>	<u>2,668</u>

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**ACCOUNTANTS’ REPORT**

**Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year . . . . .	754	881	1,179
Impairment . . . . .	127	314	518
Write-off . . . . .	–	(16)	(19)
At end of the year . . . . .	<u>881</u>	<u>1,179</u>	<u>1,678</u>

**19. CASH AND CASH EQUIVALENTS**

**Group**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents . . . . .	<u>25,190</u>	<u>60,282</u>	<u>69,838</u>
Denominated in:			
RMB . . . . .	18,346	56,646	42,646
HKD . . . . .	4,493	757	24,240
MOP . . . . .	2,351	2,879	2,952
	<u>25,190</u>	<u>60,282</u>	<u>69,838</u>

**Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents . . . . .	<u>16,839</u>	<u>56,061</u>	<u>41,311</u>
Denominated in:			
RMB . . . . .	<u>16,839</u>	<u>56,061</u>	<u>41,311</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made within three months depending on the immediate cash requirements of the 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.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**20. TRADE PAYABLES**

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

**Group**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>7,089</u>	<u>5,105</u>	<u>57,662</u>

**Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month . . . . .	5,067	3,076	27,847
1 to 2 months . . . . .	642	357	24,144
2 to 3 months . . . . .	320	56	116
Over 3 months . . . . .	415	363	21
	<u>6,444</u>	<u>3,852</u>	<u>52,128</u>

Trade payables to third parties of the Company are non-interest-bearing. The trade payables to third parties are normally settled on credit terms of one to three months after the invoice date.

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

**21. OTHER PAYABLES AND ACCRUALS**

**Group**

	<i>Note</i>	At 31 December		
		2021	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>				
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
		<u>67,862</u>	<u>63,798</u>	<u>140,090</u>
<b>Non-current</b>				
Provisions . . . . .	(a)	1,794	2,184	2,418

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**Company**

	<i>Note</i>	<b>At 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>				
Deposits . . . . .		3,000	3,800	3,800
Salary and welfare payables . . . . .		30,603	26,988	51,603
Other payables . . . . .		8,704	8,724	23,611
Accruals . . . . .		4,924	6,637	22,399
Interest payable . . . . .		305	392	110
Other tax payable . . . . .		7,823	10,577	25,018
		<u>55,359</u>	<u>57,118</u>	<u>126,541</u>
<b>Non-current</b>				
Provisions . . . . .	(a)	<u>1,794</u>	<u>2,184</u>	<u>2,262</u>

(a) Non-current portion of other payables and accruals mainly represented provisions in relation to the projected restoration costs for boutiques.

**22. CONTRACT LIABILITIES**

**Group**

	<b>At 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances received from customers . . . . .	<u>5,630</u>	<u>8,819</u>	<u>27,766</u>

**Company**

	<b>At 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances received from customers . . . . .	<u>5,466</u>	<u>8,639</u>	<u>27,575</u>

Contract liabilities include advances received to deliver goods. The changes in contract liabilities in the Relevant Periods were mainly due to the changes in advances received from customers in relation to the delivery of goods at the end of each Relevant Periods. The advances recognised as revenue at the time of delivery of goods.

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	At 31 December					
	2021		2022		2023	
	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity
		RMB'000		RMB'000		RMB'000
<b>Current</b>						
Bank loans – secured . . . . .	3.93-4.90	128,337	2.03-4.90	136,231	2.24-3.98	127,754
Current portion of long term bank loans – secured . . . . .	5.16	8,013	-	-	-	-
Other borrowings – unsecured . . . . .	6.50	251	-	-	-	-
		<u>136,601</u>		<u>136,231</u>		<u>127,754</u>
Analysed into:						
Bank loans repayable:		136,350		136,231		127,754
Within one year or on demand . . . . .		136,350		136,231		127,754
Other borrowings repayable:		251		-		-
Within one year or on demand . . . . .		251		-		-
		<u>136,601</u>		<u>136,231</u>		<u>127,754</u>

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Company	At 31 December								
	2021			2022			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>									
Bank loans – secured . . . . .	3.93-4.90	2022	123,331	2.03-4.90	2023	131,225	2.24-3.98	2024	127,754
Other borrowings – unsecured . . . . .	6.50	2022	251	–	–	–	–	–	–
			<u>123,582</u>			<u>131,225</u>			<u>127,754</u>
Analysed into:									
Bank loans repayable:									
Within one year or on demand . . . . .			123,331			131,225			127,754
Other borrowings repayable:									
Within one year or on demand . . . . .			251			–			–
			<u>251</u>			<u>–</u>			<u>–</u>
			<u>123,582</u>			<u>131,225</u>			<u>127,754</u>



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*Notes:*

- (i) All interest-bearing bank and other borrowings are denominated in RMB.
- (ii) The following assets were pledged as securities for interest-bearing bank borrowings:

**Group and Company**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Inventories . . . . .	25,000	30,600	30,000

- (iii) The Group’s total facilities for bank and other borrowings amounted to RMB149,101,000, RMB156,231,000 and RMB127,754,000 of which RMB136,601,000, RMB136,231,000 and RMB127,754,000 had been utilised as at 31 December 2021, 2022 and 2023, respectively.
- (iv) As the end of each of the Relevant Periods, certain bank borrowings of the Group were guaranteed and counter-guaranteed by related parties, details of which are set out in the note 33(d) to the Historical Financial Information.
- (v) As the end of each of the Relevant Periods, certain bank borrowings of the Group amounting to RMB100,000,000, RMB105,000,000 and RMB99,000,000 respectively, were guaranteed by a third party guarantee company.

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24. DEFERRED TAX

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

Deferred tax assets

	Impairment provision of financial assets	Impairment provision of inventories	Lease liabilities	Amortisation of intangible assets	Accrued expenses	Government grants	Tax losses	Internal transactions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>									
At 1 January 2021 . . . . .	423	22	14,598	297	158	162	–	5,058	20,718
Deferred tax credited/(charged) to profit or loss during the year ( <i>note 10</i> ) . . . . .	156	32	28,142	(50)	68	(20)	–	1,170	29,498
At 31 December 2021 and 1 January 2022 . . . . .	579	54	42,740	247	226	142	–	6,228	50,216
Deferred tax credited/(charged) to profit or loss during the year ( <i>note 10</i> ) . . . . .	23	154	3,499	(50)	136	81	–	1,371	5,214
At 31 December 2022 and 1 January 2023 . . . . .	602	208	46,239	197	362	223	–	7,599	55,430
Deferred tax credited/(charged) to profit or loss during the year ( <i>note 10</i> ) . . . . .	1,101	243	3,548	(48)	(65)	65	426	(205)	5,065
At 31 December 2023 . . . . .	1,703	451	49,787	149	297	288	426	7,394	60,495

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	Impairment provision of financial assets RMB '000	Impairment provision of inventories RMB '000	Lease liabilities RMB '000	Amortisation of intangible assets RMB '000	Accrued expenses RMB '000	Total RMB '000
<b>Company</b>						
At January 2021 . . . . .	418	22	13,141	297	158	14,036
Deferred tax credited/(charged) to profit or loss during the year . . . . .	154	32	27,737	(49)	68	27,942
At 31 December 2021 and 1 January 2022 . . . . .	572	54	40,878	248	226	41,978
Deferred tax credited/(charged) to profit or loss during the year . . . . .	22	154	3,549	(50)	136	3,811
At 31 December 2022 and 1 January 2023 . . . . .	594	208	44,427	198	362	45,789
Deferred tax credited/(charged) to profit or loss during the year . . . . .	1,012	226	2,284	(50)	(69)	3,403
At 31 December 2023 . . . . .	1,606	434	46,711	148	293	49,192

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**Deferred tax liabilities**

	<b>Right-of-use assets</b>
	<i>RMB'000</i>
<b>Group</b>	
At 1 January 2021. . . . .	14,213
Deferred tax charged to profit or loss during the year ( <i>note 10</i> ). . . . .	28,129
At 31 December 2021 and 1 January 2022. . . . .	42,342
Deferred tax charged to profit or loss during the year ( <i>note 10</i> ). . . . .	3,854
At 31 December 2022 and 1 January 2023. . . . .	46,196
Deferred tax credited to profit or loss during the year ( <i>note 10</i> ) . . . . .	1,761
At 31 December 2023 . . . . .	47,957
	<b>Right-of-use assets</b>
	<i>RMB'000</i>
<b>Company</b>	
At 1 January 2021. . . . .	12,820
Deferred tax charged to profit or loss during the year . . . . .	27,780
At 31 December 2021 and 1 January 2022. . . . .	40,600
Deferred tax charged to profit or loss during the year . . . . .	3,949
At 31 December 2022 and 1 January 2023. . . . .	44,549
Deferred tax credited to profit or loss during the year. . . . .	1,175
At 31 December 2023 . . . . .	45,724

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>At 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Group</b>			
Net deferred tax assets recognised in the consolidated statement of financial position. . . . .	7,874	9,234	12,538
	<b>At 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Company</b>			
Net deferred tax assets recognised in the statement of financial position . . . . .	1,378	1,240	3,468

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

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Group</b>			
Tax losses . . . . .	3,913	3,545	–
Deductible temporary difference . . . . .	795	1,475	–
	<u>4,708</u>	<u>5,020</u>	<u>–</u>

The Group has accumulated tax losses and deductible temporary difference in Hong Kong and Macau of RMB4,708,000, RMB5,020,000 and RMB13,783,000 as at 31 December 2021, 2022 and 2023. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arose, whilst those arising in Macau will expire in three years, for offsetting against future taxable profits. Deferred tax assets have been recognised as at 31 December 2023 in respect of these losses and deductible temporary difference is considered probable that taxable profits is available against which the tax losses can be utilised.

**25. DEFERRED INCOME**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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 . . . . .	<u>568</u>	<u>893</u>	<u>1,150</u>

**26. SHARE CAPITAL**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised and fully paid:			
Ordinary shares with par value of RMB1.00 each . . . . .	136,500	136,500	142,643

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

	Number of shares in issue	Share capital
		<i>RMB'000</i>
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023 . . . . .	136,500,000	136,500
Issuance of ordinary shares ( <i>note</i> ) . . . . .	6,142,500	6,143
At 31 December 2023 . . . . .	<u>142,642,500</u>	<u>142,643</u>

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*Note:* There was no change in the authorised and fully paid capital of the Company during the years ended 31 December 2021 and 2022. On 7 November 2023, the shareholders of the Company resolved to increase the share capital of the Company from 136,500,000 Shares to 142,642,500 Shares with registered capital of the Company increased from RMB136.5 million to RMB142.6 million. The three subscribers including, Xiamen Heiyi No. 3 Equity Investment Partnership (Limited Partnership) (廈門黑蟻三號股權投資合夥企業(有限合夥)) (formerly known as Suzhou Heiyi No. 3 Equity Investment Partnership (Limited Partnership) (蘇州黑蟻三號股權投資合夥企業(有限合夥))), Suzhou Yimei Investment Partnership (Limited Partnership) (蘇州逸美創業投資合夥企業(有限合夥)) and Fosun Hanxing (Hangzhou) Equity Investment Fund L.P. (Limited Partnership) (復星漢興(杭州)股權投資基金合夥企業(有限合夥)), subscribed the increased share capital of 6,142,500 Shares at a total consideration of RMB225 million.

**27. SHARE-BASED PAYMENTS**

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

In order to implement the Stock Incentive Plan, Tianjin Jincheng Enterprise Management Consulting Partnership (limited Partnership) (“Tianjin Jincheng”), Tianjin Jinji Enterprise Management Consulting Partnership (limited Partnership) (“Tianjin Jinji”), Tianjin Jinyong Enterprise Management Consulting Partnership (limited Partnership) (“Tianjin Jinyong”) and Tianjin Jinli Enterprise Management Consulting Partnership (limited Partnership) (“Tianjin Jinli”) were established and designated as stock incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On August 20, 2018, the Group granted 13,420,000 restricted share units (“RSUs”) of the Group to 65 eligible employees at a subscribed price of RMB3.50. On April 23, 2019, the Group granted 2,540,000 restricted share units of the Group to 68 eligible employees at a subscribed price of RMB4.00. On October 12, 2023, the Group granted 1,900,000 restricted share units of the Group to 56 eligible employees at a subscribed price of RMB7.90.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a [REDACTED]-based condition (the “[REDACTED] Condition”) and a service-based condition (the “Service Condition”). The [REDACTED] Condition would be satisfied when the ordinary shares of the Company are successfully [REDACTED] on a recognised stock exchange. Subject to the satisfaction of the [REDACTED] Condition, the Service Condition would be satisfied that the employee should remain in service during the prescribed period and there were no performance related requirements.

The fair value of the RSUs granted on August 20, 2018 was estimated at RMB4.50 per share as at the date of grant by reference to recent financing valuation of the Group.

The fair value of the RSUs granted on April 23, 2019 was estimated at RMB4.38 per share by an independent professionally qualified valuer.

The fair value of the RSUs granted on October 12, 2023 was estimated at RMB36.63 per share paid under the [REDACTED] Investments.

Share-based payment expenses recognised amounted to RMB4,258,000, RMB1,854,000 and RMB8,633,000 by the Group during the years ended 31 December 2021, 2022 and 2023, respectively.

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

	Year ended 31 December		
	2021	2022	2023
	<i>Number of RSUs</i>	<i>Number of RSUs</i>	<i>Number of RSUs</i>
At the beginning of the year . . . . .	15,960	15,260	15,260
Granted during the year . . . . .	–	–	1,900
Forfeited during the year. . . . .	(700)	–	(140)
At the end of the year . . . . .	<u>15,260</u>	<u>15,260</u>	<u>17,020</u>

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**28. RESERVES**

**Group**

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

*Share premium*

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

*Share-based payment reserve*

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

*Statutory surplus reserve*

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

*Exchange fluctuation reserve*

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

**Company**

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

	Share premium*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2021 . . . . .	384,340	5,509	18,701	102,752	511,302
Profit for the year . . . . .	–	–	–	108,261	108,261
Transfer to statutory surplus reserve . . . . .	–	–	10,826	(10,826)	–
Recognition of share-based payments . . . . .	–	4,258	–	–	4,258
At 31 December 2021 . . . . .	<u>384,340</u>	<u>9,767</u>	<u>29,527</u>	<u>200,187</u>	<u>623,821</u>
At 1 January 2022 . . . . .	384,340	9,767	29,527	200,187	623,821
Profit for the year . . . . .	–	–	–	88,190	88,190
Transfer to statutory surplus reserve . . . . .	–	–	8,819	(8,819)	–
Recognition of share-based payments . . . . .	–	1,854	–	–	1,854
At 31 December 2022 . . . . .	<u>384,340</u>	<u>11,621</u>	<u>38,346</u>	<u>279,558</u>	<u>713,865</u>

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	Share premium*	Share-based payment reserve*	Statutory surplus reserve*	Retained profits*	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023. . . . .	384,340	11,621	38,346	279,558	713,865
Profit for the year . . . . .	–	–	–	377,150	377,150
Issuance of ordinary shares . . . . .	218,858	–	–	–	218,858
Share issue expenses . . . . .	(3,250)	–	–	–	(3,250)
Transfer from retained profits. . . . .	–	–	37,715	(37,715)	–
Recognition of share-based payments . . . . .	–	8,633	–	–	8,633
At 31 December 2023 . . . . .	<u>599,948</u>	<u>20,254</u>	<u>76,061</u>	<u>618,993</u>	<u>1,315,256</u>

\* These reserve accounts comprise the consolidated reserves of RMB623,821,000, RMB713,865,000 and RMB1,315,256,000 in the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, respectively.

**29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(a) Major non-cash transactions**

During the Relevant Periods, the Group had non-cash additions, remeasurement and revision to right-of-use assets of RMB152,167,000, RMB81,724,000 and RMB147,328,000, respectively, with the responding same amounts of lease liabilities and provision, respectively, in respect of lease arrangements for office premises and buildings and stores.

**(b) Changes in liabilities arising from financing activities**

	Interest-bearing bank and other borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021. . . . .	134,357	68,821
Changes from financing cash flows . . . . .	(5,352)	(48,711)
Interest expenses . . . . .	7,596	3,993
New leases . . . . .	–	59,185
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	–	91,950
Covid-19-related rent concession from a lessor . . . . .	–	(97)
Effect of foreign exchange rate changes, net. . . . .	–	(288)
At 31 December 2021 and 1 January 2022. . . . .	<u>136,601</u>	<u>174,853</u>
Changes from financing cash flows . . . . .	(8,107)	(63,277)
Interest expenses . . . . .	7,737	9,148
New leases . . . . .	–	68,338
Remeasurement of leases . . . . .	–	(3,777)
Revision of a lease term arising from a change in the non-cancellable period of a lease . . . . .	–	15,621
Covid-19-related rent concession from a lessor . . . . .	–	(3,282)
Effect of foreign exchange rate changes, net. . . . .	–	1,073



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	Interest-bearing bank and other borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2022 and 1 January 2023 . . . . .	136,231	198,697
Changes from financing cash flows . . . . .	(16,138)	(89,690)
Interest expenses . . . . .	7,661	10,415
New leases . . . . .	–	133,585
Revision of a lease term arising from a change in the non- cancellable period of a lease . . . . .	–	13,180
Effect of foreign exchange rate changes, net. . . . .	–	626
At 31 December 2023 . . . . .	<u>127,754</u>	<u>266,813</u>

**(c) Total cash outflows for leases**

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

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
With operating activities . . . . .	90,617	75,437	196,427
With financing activities . . . . .	48,711	63,277	89,690
	<u>139,328</u>	<u>138,714</u>	<u>286,117</u>

**30. CONTINGENT LIABILITIES**

At the end of each of the Relevant Periods, the Group did not have any significant contingent liabilities.

**31. PLEDGE OF ASSETS**

Details of the Group’s assets pledged under interest-bearing bank loans are contained in notes 16 and 23 to the Historical Financial Information, respectively.

**32. COMMITMENTS**

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

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for leasehold improvements . . . . .	<u>5,237</u>	<u>1,790</u>	<u>2,569</u>

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**33. RELATED PARTY TRANSACTIONS AND BALANCES**

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

**(a) Name and relationship of related parties\***

Name	Relationship
Beijing Wenfang Culture Development Co., Ltd. . . . .	Controlled by the controlling shareholder
Mr. Xu Gaoming. . . . .	Ultimate controlling shareholder
Mr. Xu Dongbo . . . . .	Ultimate controlling shareholder
Ms. Li Zhengrong . . . . .	Close family member of the controlling shareholder
Mr. Xu Weiming. . . . .	Close family member of the controlling shareholder
Ms. Jiang Youhong . . . . .	Close family member of the controlling shareholder
Mr. Sui Wu . . . . .	Supervisor
Mr. Chen Wang . . . . .	Close family member of Ms. Peng Liuhua
Ms. Li Jia. . . . .	Secretary of Board of Directors; Chief Financial Officer
Mr. Zhang Nan. . . . .	Close family member of Ms. Li Jia
Mr. Feng Jianjun . . . . .	Director
Ms. Xiao Yanhui. . . . .	Supervisor
Ms. Wu Yanjun . . . . .	Key management personnel of the Group

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

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

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Related parties:			
Mr. Sui Wu* . . . . .	5	15	–
Mr. Xu Gaoming. . . . .	629	248	2,442
Mr. Feng Jianjun . . . . .	16	–	–
Ms. Wu Yanjun . . . . .	6	–	9
Ms. Li Jia. . . . .	–	–	10
	656	263	2,461

\* The amount of transactions with the related party only includes the amount for the period during which he became a related party of the Group.

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

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

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**(c) Outstanding balances with a related party**

*Group*

As disclosed in the statements of financial position, the Group had no outstanding balances with any related party at 31 December 2021, 2022 and 2023.

*Company*

As disclosed in the statements of financial position, the Company had below outstanding balances with a related party at 31 December 2021, 2022 and 2023.

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from subsidiary			
Yueyang Laopu Gold Filigree Handcraft Co., Ltd. . . . .	–	12	36
	<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to subsidiary			
Yueyang Laopu Gold Filigree Handcraft Co., Ltd. . . . .	125,217	95,844	48,099
	<u>          </u>	<u>          </u>	<u>          </u>

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

**(d) The guarantee from related parties**

Certain related parties of the Group have provided guarantees and counter-guarantees in connection with interest-bearing bank borrowings up to RMB137,500,000, RMB138,000,000 and RMB129,000,000, respectively, as at each of the Relevant Periods.

As at 31 December 2021, certain of the Group’s interest-bearing bank borrowings comprised:

- (1) RMB45,000,000 counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Ms. Wu Yanjun and Wenfang Culture Company at an interest rate of 3.85%;
- (2) RMB10,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Mr. Chen Wang, Ms. Xiao Yanhui, Ms. Wu Yanjun and Yueyang Laopu Company at an interest rate of 4.00%;
- (3) RMB40,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Yueyang Laopu Company and counter-guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo, Ms. Li Jia, Mr. Zhang Nan, Mr. Feng Jianjun and Wenfang Culture Company at an interest rate of 4.80%;
- (4) RMB27,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, and Yueyang Laopu Company at interest rates ranging from 4.80% to 4.90%;
- (5) RMB2,500,000 guaranteed by Mr. Xu Gaoming and Ms. Li Zhengrong at an interest rate of 6.50%;
- (6) RMB5,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Mr. Chen Wang, Ms. Xiao Yanhui and Ms. Wu Yanjun at an interest rate of 4.00%;
- (7) RMB8,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Weiming, Ms. Jiang Youhong and Mr. Xu Dongbo at an interest rate of 5.16%.

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As at 31 December, 2022, certain of the Group’s interest-bearing bank borrowings comprised:

- (1) RMB50,000,000 counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Ms. Wu Yanjun and Wenfang Culture Company at an interest rate of 3.70%;
- (2) RMB10,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Mr. Chen Wang, Ms. Xiao Yanhui, Ms. Wu Yanjun and Yueyang Laopu Company at an interest rate of 3.70%;
- (3) RMB40,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, and counter-guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo, Ms. Li Jia, Mr. Zhang Nan, Mr. Feng Jianjun, and Wenfang Culture Company at an interest rate of 4.80%;
- (4) RMB8,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, Mr. Xu Dongbo and Yueyang Laopu Company at an interest rate of 4.70%;
- (5) RMB10,000,000 guaranteed by Mr. Xu Gaoming and Ms. Li Zhengrong at an interest rate of 2.00%;
- (6) RMB15,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong and Mr. Xu Dongbo at an interest rate of 2.30%;
- (7) RMB5,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong, and Mr. Xu Dongbo, and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Mr. Chen Wang, Ms. Xiao Yanhui and Ms. Wu Yanjun at an interest rate of 3.70%.

As at 31 December 2023, certain of the Group’s interest-bearing bank borrowings comprised:

- (1) RMB50,000,000 counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Ms. Wu Yanjun and Wenfang Culture Company at an interest rate of 3.55%;
- (2) RMB49,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong and counter-guaranteed by Mr. Xu Gaoming, Mr. Xu Dongbo, Ms. Li Jia, Mr. Zhang Nan, Mr. Feng Jianjun and Wenfang Culture Company at an interest rate of 3.95%;
- (3) RMB20,000,000 guaranteed by Mr. Xu Gaoming, Ms. Li Zhengrong and Yueyang Laopu Company at an interest rate of 3.95%;
- (4) RMB10,000,000 guaranteed by Mr. Xu Gaoming and Mr. Xu Dongbo at an interest rate of 2.20%;

**(e) Compensation of key management personnel of the Group**

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

	Year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind . . . . .	11,338	9,666	14,986
Pension scheme contributions . . . . .	424	464	504
Equity-settled share-based payments . . . . .	331	412	445
	<u>12,093</u>	<u>10,542</u>	<u>15,935</u>

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**34. FINANCIAL INSTRUMENTS BY CATEGORY**

The financial assets and liabilities of the Group and the Company as at the end of each Relevant Periods were measured at amortised cost and their carrying amounts are as follows:

**Financial assets**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Group</b>			
Financial assets at amortised cost			
Trade receivables . . . . .	104,432	100,266	376,325
Financial assets included in prepayments, deposits and other receivables . . . . .	21,045	28,290	47,216
Cash and cash equivalents . . . . .	25,190	60,282	69,838
	<u>150,667</u>	<u>188,838</u>	<u>493,379</u>

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Company</b>			
Financial assets at amortised cost			
Trade receivables . . . . .	104,190	100,006	372,870
Amounts due from subsidiaries . . . . .	–	12	36
Financial assets included in prepayments, deposits and other receivables . . . . .	18,180	23,469	28,490
Cash and cash equivalents . . . . .	16,839	56,061	41,311
	<u>139,209</u>	<u>179,548</u>	<u>442,707</u>

**Financial liabilities**

	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Group</b>			
Financial liabilities at amortised cost			
Trade payables . . . . .	7,089	5,105	57,662
Financial liabilities included in other payables and accruals . . . . .	19,185	20,346	56,936
Lease liabilities . . . . .	174,853	198,697	266,813
Interest-bearing bank and other borrowings . . . . .	136,601	136,231	127,754
	<u>337,728</u>	<u>360,379</u>	<u>509,165</u>

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	At 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Company</b>			
Financial liabilities at amortised cost			
Trade payables . . . . .	6,444	3,852	52,128
Amounts due to subsidiaries . . . . .	125,217	95,844	48,099
Financial liabilities included in other payables and accruals . . . . .	16,933	19,553	49,920
Lease liabilities . . . . .	159,447	174,294	186,844
Interest-bearing bank and other borrowings . . . . .	123,582	131,225	127,754
	<u>431,623</u>	<u>424,768</u>	<u>464,745</u>

**35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

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

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

The fair values of financial assets included in prepayments, deposits and other receivables (non-current), financial liabilities included in other payables and accruals (non-current) and the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group’s own non-performance risk for financial assets included in prepayments, deposits and other receivables (non-current) and interest-bearing loans and other borrowings (non-current) as at 31 December 2021, 2022 and 2023 were assessed to be insignificant.

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

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

**Credit risk**

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

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*Maximum exposure and year-end staging*

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

The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs	Total
	Stage 1	Simplified approach	
	<i>RMB’000</i>	<i>RMB’000</i>	
<b>At 31 December 2021</b>			
<b>Group</b>			
Trade receivables*	–	105,847	105,847
Financial assets included in prepayments, deposits and other assets			
– Normal**	22,076	–	22,076
Cash and cash equivalents			
– Not yet past due	25,190	–	25,190
	47,266	105,847	153,113

**Company**

Trade receivables*	–	105,603	105,603
Financial assets included in prepayments, deposits and other assets			
– Normal**	19,062	–	19,062
Cash and cash equivalents			
– Not yet past due	16,839	–	16,839
	35,901	105,603	141,504

**At 31 December 2022**

**Group**

Trade receivables*	–	101,487	101,487
Financial assets included in prepayments, deposits and other assets			
– Normal**	29,711	–	29,711
Cash and cash equivalents			
– Not yet past due	60,282	–	60,282
	89,993	101,487	191,480

**Company**

Trade receivables*	–	101,226	101,226
Financial assets included in prepayments, deposits and other assets			
– Normal**	24,629	–	24,629
Cash and cash equivalents			
– Not yet past due	56,061	–	56,061
	80,690	101,226	181,916

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	12-month ECLs	Lifetime ECLs	Total
	Stage 1	Simplified approach	
	<i>RMB’000</i>	<i>RMB’000</i>	
<b>At 31 December 2023</b>			
<b>Group</b>			
Trade receivables* . . . . .	–	381,082	381,082
Financial assets included in prepayments, deposits and other assets			
– Normal** . . . . .	49,884	–	49,884
Cash and cash equivalents			
– Not yet past due. . . . .	69,838	–	69,838
	119,722	381,082	500,804
<b>Company</b>			
Trade receivables* . . . . .	–	377,620	377,620
Financial assets included in prepayments, deposits and other assets			
– Normal** . . . . .	30,168	–	30,168
Cash and cash equivalents			
– Not yet past due. . . . .	41,311	–	41,311
	71,479	377,620	449,099

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 17 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 17 to the Historical Financial Information.

**Liquidity risk**

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

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



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

**At 31 December 2021**

	<u>On demand</u>	<u>Within one year</u>	<u>One to two years</u>	<u>Two to three years</u>	<u>Three to five years</u>	<u>Over five years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Group</b>							
Trade payables . . . . .	–	7,089	–	–	–	–	7,089
Financial liabilities included in other payables and accruals . . . . .	–	19,185	–	–	–	–	19,185
Lease liabilities . . . . .	–	53,260	47,279	31,122	24,666	24,018	180,345
Interest-bearing bank and other borrowings . . . . .	–	141,376	–	–	–	–	141,376
	–	220,910	47,279	31,122	24,666	24,018	347,995

**Company**

Trade payables . . . . .	–	6,444	–	–	–	–	6,444
Amounts due to subsidiaries . . . . .	–	125,217	–	–	–	–	125,217
Financial liabilities included in other payables and accruals . . . . .	–	16,933	–	–	–	–	16,933
Lease liabilities . . . . .	–	47,665	41,913	29,863	23,443	22,795	165,679
Interest-bearing bank and other borrowings . . . . .	–	127,850	–	–	–	–	127,850
	–	324,109	41,913	29,863	23,443	22,795	442,123

**At 31 December 2022**

	<u>On demand</u>	<u>Within one year</u>	<u>One to two years</u>	<u>Two to three years</u>	<u>Three to five years</u>	<u>Over five years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Group</b>							
Trade payables . . . . .	–	5,105	–	–	–	–	5,105
Financial liabilities included in other payables and accruals . . . . .	–	20,346	–	–	–	–	20,346
Lease liabilities . . . . .	–	79,604	56,736	36,539	27,669	14,196	214,744
Interest-bearing bank and other borrowings . . . . .	–	140,356	–	–	–	–	140,356
	–	245,411	56,736	36,539	27,669	14,196	380,551

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	On demand	Within one year	One to two years	Two to three years	Three to five years	Over five years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Company</b>							
Trade payables . . . . .	–	3,852	–	–	–	–	3,852
Amounts due to subsidiaries . . . . .	–	95,844	–	–	–	–	95,844
Financial liabilities included in other payables and accruals . . . . .	–	19,553	–	–	–	–	19,553
Lease liabilities . . . . .	–	69,035	50,286	30,779	26,446	12,973	189,519
Interest-bearing bank and other borrowings . . . . .	–	135,218	–	–	–	–	135,218
	–	323,502	50,286	30,779	26,446	12,973	443,986

**At 31 December 2023**

	On demand	Within one year	One to two years	Two to three years	Three to five years	Over five years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Group</b>							
Trade payables . . . . .	–	57,662	–	–	–	–	57,662
Financial liabilities included in other payables and accruals . . . . .	–	56,936	–	–	–	–	56,936
Lease liabilities . . . . .	–	114,726	86,676	61,414	23,113	8,412	294,341
Interest-bearing bank and other borrowings . . . . .	–	129,938	–	–	–	–	129,938
	–	359,262	86,676	61,414	23,113	8,412	538,877

**Company**

Trade payables . . . . .	–	52,128	–	–	–	–	52,128
Amounts due to subsidiaries . . . . .	–	48,099	–	–	–	–	48,099
Financial liabilities included in other payables and accruals . . . . .	–	49,920	–	–	–	–	49,920
Lease liabilities . . . . .	–	79,413	52,086	41,103	21,890	7,223	201,715
Interest-bearing bank and other borrowings . . . . .	–	129,938	–	–	–	–	129,938
	–	359,498	52,086	41,103	21,890	7,223	481,800

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**Foreign currency risk**

The management believe the exchange risk of foreign currency is not significant as the majority of business transactions occur in Chinese Mainland and all domestic transactions are denominated in Renminbi (RMB).

**Capital management**

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

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

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

	At 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Total assets . . . . .	1,168,970	1,291,212	2,158,547
Total liabilities . . . . .	398,658	421,643	643,131
Debt ratio . . . . .	34%	33%	30%

**37. EVENTS AFTER THE RELEVANT PERIODS**

The Group has no significant events subsequent to the end of the Relevant Periods.

**38. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2023.