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MOKINGRAN JEWELLERY GROUP CO., LTD.

夢金園黃金珠寶集團股份有限公司

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

(Stock Code: 2585)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

FINANCIAL HIGHLIGHTS

- Revenue for the Year amounted to RMB20,709.6 million, representing an increase of 5.1% as compared to last year.
- Gross profit for the Year amounted to RMB1,579.0 million, representing an increase of 18.6% as compared to last year.
- Net profit for the Year amounted to RMB109.9 million, representing a decrease of 45.2% as compared to last year.
- The Board recommends the payment of a final dividend of RMB0.3 per share (before tax) for the Year in cash, amounting to a total dividend payment of RMB81.9 million.

The board (the “**Board**”) of directors (the “**Directors**”) of MOKINGRAN JEWELLERY GROUP CO., LTD. (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the consolidated annual results of the Group for the year ended December 31, 2025 (the “**Year**” or “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Notes	For the year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	4	20,709,567	19,712,885
Cost of sales		<u>(19,130,550)</u>	<u>(18,382,024)</u>
Gross profit		1,579,017	1,330,861
Other income	5	18,253	34,584
Distribution and selling expenses		(201,856)	(229,227)
Research and development expenses		(18,863)	(22,366)
Administrative expenses		(115,964)	(103,360)
Other expenses and other net gains and losses	6	(1,010,274)	(649,389)
Finance costs	7	(91,176)	(71,457)
Impairment losses (including reversals of impairment losses) on financial assets	8	1,366	(5,284)
Listing expenses		<u>–</u>	<u>(14,593)</u>
Profit before tax		160,503	269,769
Income tax expense	9	<u>(50,557)</u>	<u>(69,032)</u>
Profit for the year	10	<u>109,946</u>	<u>200,737</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>194</u>	<u>–</u>
Other comprehensive income for the year, net of income tax		<u>194</u>	<u>–</u>
Total comprehensive income for the year		<u>110,140</u>	<u>200,737</u>

		For the year ended	
		December 31,	
		<u>2025</u>	<u>2024</u>
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to:			
	Owners of the Company	96,521	189,361
	Non-controlling interests	<u>13,425</u>	<u>11,376</u>
		<u>109,946</u>	<u>200,737</u>
Total comprehensive income attributable to:			
	Owners of the Company	96,620	189,361
	Non-controlling interests	<u>13,520</u>	<u>11,376</u>
		<u>110,140</u>	<u>200,737</u>
Earnings per share			
	Basic and diluted (RMB)	<u>0.36</u>	<u>0.81</u>
		<i>11</i>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

		<u>As at December 31,</u>	
		<u>2025</u>	<u>2024</u>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Assets			
Property, plant and equipment		372,839	381,444
Right-of-use assets		63,050	50,112
Investment properties		22,026	61,298
Intangible assets		14,339	14,643
Deferred tax assets		82,183	41,866
Prepayments, deposits and other receivables		28,327	146,033
Other non-current assets		<u>547</u>	<u>357</u>
		<u>583,311</u>	<u>695,753</u>
Current Assets			
Inventories	13	2,632,428	2,544,284
Trade receivables	14	253,747	276,379
Prepayments, deposits and other receivables		372,898	395,452
Pledged/restricted deposits	15	606,405	466,621
Cash and cash equivalents	15	<u>501,089</u>	<u>556,167</u>
		<u>4,366,567</u>	<u>4,238,903</u>
Current Liabilities			
Trade and bills payables	16	265,845	394,083
Other payables and accruals		160,897	144,417
Amounts due to the controlling shareholder		12,000	–
Lease liabilities		5,721	7,706
Borrowings	17	1,416,424	1,167,496
Contract liabilities	18	63,287	106,093
Tax liabilities		46,853	40,060
Gold loans	19	547,796	359,087
Deferred income		33	33
Refund liabilities	20	<u>12,944</u>	<u>23,413</u>
		<u>2,531,800</u>	<u>2,242,388</u>
Net Current Assets		<u>1,834,767</u>	<u>1,996,515</u>
Total Assets less Current Liabilities		<u>2,418,078</u>	<u>2,692,268</u>

		<u>As at December 31,</u>	
		<u>2025</u>	<u>2024</u>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Liabilities			
Borrowings	17	33,583	181,422
Deferred tax liabilities		687	1,178
Lease liabilities		4,924	5,845
Refund liabilities	20	11,520	26,097
Deferred income		46	79
		<u>50,760</u>	<u>214,621</u>
Net Assets		<u>2,367,318</u>	<u>2,477,647</u>
Capital and Reserves			
Share capital	21	273,023	273,023
Shares held for share award scheme		(139,698)	–
Reserves		<u>2,199,412</u>	<u>2,184,699</u>
Equity attributable to owners of the Company		2,332,737	2,457,722
Non-controlling interests		<u>34,581</u>	<u>19,925</u>
Total Equity		<u>2,367,318</u>	<u>2,477,647</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. GENERAL INFORMATION

Mokingran Jewellery Group Co., Ltd. (the “**Company**”) was established as a limited liability company in the PRC on September 8, 2000 and converted into a joint-stock company with limited liability under the Company Law of the PRC on June 29, 2018. The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the annual report.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from November 29, 2024.

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

The Company and its subsidiaries (collectively referred to as the “**Group**”) are primarily engaged in the design, production, wholesale and retail of jewellery in the PRC.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company and its subsidiaries in the PRC.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of the above amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7 Financial Instruments: Disclosure. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group currently presents certain interest received and interest paid in operating activities, they will be classified in the investing activities and financing activities, respectively, on the consolidated statement of cash flows. The Group is in the process of making a detailed assessment of the impact of MPMs related disclosures.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

The Group's non-current assets are all located in Chinese Mainland of the PRC and the Group's revenue are predominantly derived from Chinese Mainland of the PRC. During the year ended December 31, 2025, there was no revenue derived from transactions with a single external customer or a group of entities known to be under common control with that customer amounted to 10% or more of the Group's revenue (2024: None).

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

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services		
Sale of goods:		
— Gold jewellery and other gold products	20,190,555	19,280,247
— K gold jewellery, diamond inlaying jewellery and other products	353,916	342,650
Other services	165,096	89,988
Total	<u>20,709,567</u>	<u>19,712,885</u>
Geographical markets		
Chinese Mainland	20,369,285	19,572,563
Others	340,282	140,322
Total	<u>20,709,567</u>	<u>19,712,885</u>
Timing of revenue recognition		
A point in time	20,656,704	19,657,361
Over time	52,863	55,524
Total	<u>20,709,567</u>	<u>19,712,885</u>

For the sales of gold jewellery and other gold products, K gold jewellery, diamond inlaying jewellery and other products, revenue is recognised when customers obtain control of the goods, being when the goods have been accepted by customers or delivered to the carrier designated by the customers. The payment is usually due immediately for retail customers and with a credit period of 90 days to 1 year for the franchisees and provincial-dealers.

Under the Group's standard contract terms, except for closures of stores, customers (franchisees and provincial-dealers) have no right to return any goods after its acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within 5 years. The Group uses its historical data to estimate the percentage of exchange on a portfolio basis using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal of the cumulative revenue recognised will not occur. For goods that are expected to

be returned, a refund liability instead of revenue is recognised. The Group's right to recover the product when customers exercise their rights is recognised as a right to returned goods and a corresponding adjustment to cost of sales.

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

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

5. OTHER INCOME

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank and other deposits	3,299	3,720
Other income from franchisees and provincial-dealers	3,151	3,298
Rental income	2,955	3,140
Government grants <i>(Note)</i>	8,265	21,654
Additional deduction for VAT	273	2,662
Others	310	110
	<u>18,253</u>	<u>34,584</u>

Note: For the year ended December 31, 2025, income of approximately RMB8,232,000 (2024: RMB21,613,000) represented the subsidies from the relevant government authorities for the purpose of motivating the business development of the Group. The subsidies received are in substance a kind of immediate financial support to the Group with no future related costs and are recognised as income when the subsidies are received. There were no unfulfilled conditions for all the government grants in the period in which they were recognised. For the year ended December 31, 2025, income of approximately RMB33,000 (2024: RMB41,000) represented the grants from the relevant government authorities for funding the purchase of certain non-current assets. The government grants received are recognised in profit or loss over the useful lives of the relevant non-current assets.

6. OTHER EXPENSES AND OTHER NET GAINS AND LOSSES

	For the year ended December 31,	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Direct operating expenses incurred for investment properties	(3,947)	(4,022)
Charitable contribution	(904)	(1,287)
Tax late payment surcharge	<u>(9,044)</u>	<u>–</u>
Other expenses	<u>(13,895)</u>	<u>(5,309)</u>
Impairment loss recognised in respect of investment properties	(6,989)	(15,207)
(Loss)/gain on disposal of property, plant and equipment, intangible assets and termination of leases, net	(101)	203
Net foreign exchange gain	3,589	1,334
Net realised loss on Au (T+D) contracts <i>(Note)</i>	(705,874)	(533,649)
Net realised loss on gold loans	(217,163)	(131,400)
Net realised gain/(loss) on futures contract	5,839	(3,489)
Net unrealised (loss)/gain on gold loans	(74,391)	37,734
Fair value changes on financial assets at FVTPL	(1,646)	5
Others	<u>357</u>	<u>389</u>
Other net gains and losses	<u>(996,379)</u>	<u>(644,080)</u>
Other expenses and other net gains and losses	<u><u>(1,010,274)</u></u>	<u><u>(649,389)</u></u>

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

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

7. FINANCE COSTS

	For the year ended December 31,	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings and amounts due to the controlling shareholder	64,318	52,585
Interest on gold loans	24,600	14,110
Interest on discounted bills payables	1,804	3,746
Interest on lease liabilities	<u>454</u>	<u>1,016</u>
	<u><u>91,176</u></u>	<u><u>71,457</u></u>

8. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses (reversed)/recognised on:		
— Trade receivables	(3,019)	4,111
— Other receivables	<u>1,653</u>	<u>1,173</u>
Total	<u><u>(1,366)</u></u>	<u><u>5,284</u></u>

9. INCOME TAX EXPENSE

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
— Hong Kong	2,776	–
— PRC Enterprise Income Tax (“EIT”)	74,894	74,943
Under provision of EIT in prior years	13,695	723
Deferred tax	<u>(40,808)</u>	<u>(6,634)</u>
	<u><u>50,557</u></u>	<u><u>69,032</u></u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the years ended December 31, 2025 and 2024.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars (“HKD”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD 2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HKD 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD 2 million. No provision for taxation in Hong Kong has been made as the Group’s subsidiary in Hong Kong is operating at a loss during the year ended December 31, 2024.

Certain subsidiaries are qualified as small low-profit enterprises by the relevant tax authorities. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the years ended December 31, 2025 and 2024.

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

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>160,503</u>	<u>269,769</u>
Tax at PRC statutory income tax rate of 25%	40,126	67,442
Effect of different tax rates of subsidiaries	(3,404)	(4,811)
Tax effect of expenses not deductible for tax purposes	2,951	1,893
Utilisation of tax losses previously not recognised	(593)	(2,151)
Utilisation/recognition of deductible temporary differences previously not recognised	(7,029)	(295)
Tax effect of tax losses not recognised	6,464	6,565
Tax effect of deductible temporary differences not recognised	–	4,833
Under provision in respect of prior years	13,695	723
Additional deductible items under the EIT Law ^(Note)	<u>(1,653)</u>	<u>(5,167)</u>
Income tax expense for the year	<u><u>50,557</u></u>	<u><u>69,032</u></u>

Note: Additional deductible items under the EIT Law include super deduction for research and development expenses and super deduction for salary of disabled individuals.

10. PROFIT FOR THE YEAR

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

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment	47,307	45,162
Depreciation of investment properties	3,947	4,190
Depreciation of right-of-use assets	6,801	9,882
Amortisation of intangible assets	2,841	1,924
	60,896	61,158
Less: capitalised in inventories	(25,093)	(21,772)
	35,803	39,386
Impairment loss recognised in respect of investment properties	6,989	15,207
Auditor's remuneration	3,529	2,851
Short-term lease expense	3,149	2,642
Gross rental income from investment properties	(2,955)	(3,140)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	1,390	2,261
direct operating expenses incurred for investment properties that did not generate rental income during the year	2,557	1,761
	992	882
Directors' and supervisors' remuneration	4,730	7,124
Other staff costs:		
Salaries, other allowances and performance-based bonuses	215,904	226,170
Retirement benefits scheme contributions	19,181	19,344
Total staff costs	235,085	245,514
Less: capitalised in inventories	(86,814)	(85,394)
	148,271	160,120
Cost of inventories recognised as an expense	19,124,355	18,381,760
Including: reversal of write-down of inventories	–	(80)

13. INVENTORIES

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	706,412	960,422
Work in progress	6,703	9,090
Finished goods	1,884,823	1,552,134
Goods in transit	20,103	12,069
Consignment processing materials	1,282	2,787
Consumables	13,105	7,782
	<u>2,632,428</u>	<u>2,544,284</u>

Note: Included in the finished goods are items related to consignment arrangement amounted to RMB4,110,000 (2024: RMB259,000) as at December 31, 2025.

14. TRADE RECEIVABLES

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	291,211	316,862
Less: Allowance for credit losses	(37,464)	(40,483)
Total	<u>253,747</u>	<u>276,379</u>

As at January 1, 2024, gross carrying amount of trade receivables from contracts with customers amounted to RMB186,885,000.

The Group primarily allows a credit period around 90 days to 1 year, except for certain credit worthy customers, where the credit periods are extended to a longer period. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the dates of delivery or rendering of services at the end of each reporting period.

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	74,506	237,173
90–180 days	58,988	15,430
180 days–1 year	102,210	22,883
1–2 years	17,538	893
2–3 years	505	–
Total	<u>253,747</u>	<u>276,379</u>

As of December 31, 2025, included in the Group's trade receivable balances are debtors with an aggregate carrying amount of RMB19,680,000 (2024: RMB7,099,000) which are past due as at the reporting date. Out of the past due balances, RMB6,943,000 (2024: RMB4,872,000) has been past due 90 days or more. The past due 90 days balances of RMB6,943,000 (2024: RMB3,314,000) are not considered as in default as there has not been a significant change in credit quality and the amounts are considered recoverable.

15. PLEDGED/RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents		
— Cash on hand	90	123
— Bank balances <i>(Note i)</i>	402,397	528,000
— Balances with online payment platforms	3,723	1,823
— Surplus deposits with Shanghai Gold Exchange	73,435	26,221
— Surplus deposits with futures account	21,444	—
	<u>501,089</u>	<u>556,167</u>
Pledged/restricted deposits <i>(Notes ii&iii)</i>	<u>606,405</u>	<u>466,621</u>

Notes:

- i. As at December 31, 2025, bank balances of the Group carried interest at market rates ranging from nil to 0.95% (2024: nil to 1.15%) per annum.
- ii. As at December 31, 2025, the carrying amount of pledged/restricted deposits of the Group of RMB241,649,000 (2024: RMB279,675,000) are pledged to banks as collaterals for the Group's borrowings, gold loans and bills payable. The balances carried interest rates ranging from nil to 1.99% (2024: nil to 2.25%) per annum.
- iii. As at December 31, 2025, the carrying amount of pledged/restricted deposits of the Group of RMB364,056,000 (2024: RMB184,648,000) are pledged to Shanghai Gold Exchange for Au (T+D) contracts.

16. TRADE AND BILLS PAYABLES

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Bills payable under supplier finance arrangements <i>(Notes i & ii)</i>	238,000	370,000
Trade payables	27,845	24,083
	<u>265,845</u>	<u>394,083</u>

Notes:

- i. The bills payable were guaranteed by the Company and/or certain subsidiaries of the Group.

- ii In order to ensure easy access to finance for a supplier of the Group, the Group permits a supplier to obtain payment from banks by discounting bills issued by the Group for the amount of gold that the Group agrees to purchase. The Group repays the banks the full bill amount on the due date of the bill. As the arrangements are part of the working capital used in the entity's normal operating cycle, the Group considers the bills payable under such supplier finance arrangements should be classified as trade and bills payables.

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

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	24,837	21,356
1–2 years	1,928	2,317
2–3 years	675	101
Over 3 years	405	309
	<u>27,845</u>	<u>24,083</u>

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

17. BORROWINGS

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings	1,312,873	1,109,258
Other borrowings relating to sale-and-leaseback transactions	118,964	234,390
Other borrowings pledged by trade receivables	–	5,270
Other borrowings from employee ^(Note i)	18,170	–
	<u>1,450,007</u>	<u>1,348,918</u>
Unguaranteed and unsecured	78,251	–
Guaranteed and secured ^(Notes ii & iii)	377,306	320,430
Unguaranteed and secured ^(Note ii)	305,764	558,900
Guaranteed and unsecured ^(Note iii)	688,686	469,588
	<u>1,450,007</u>	<u>1,348,918</u>

Notes:

- i. During the year ended December 31, 2025, the Group has raised RMB18,170,000 (2024: RMB Nil) borrowings in respect of employee loans. Interest on the employee loans is calculated and paid at a fair market rate of 5% per annum. The borrowings term is one year and payable on demand.

- ii. The secured borrowings were secured by the pledge of certain bank deposits, property, plant and equipment, right-of-use assets, investment properties, patents and/or trade receivables.
- iii. The guaranteed bank borrowings and other borrowings were guaranteed by the Company and/or certain subsidiaries of the Group.

Bank borrowings relating to discounted bills represented the cash received on bills receivables discounted to various banks with full recourse relates to discounted bills issued among subsidiaries of the Group for intra-group transactions. During the year ended December 31, 2025, the Group has raised RMB60,000,000 (2024: RMB Nil) borrowings in respect of such discounted bills.

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
The carrying amounts of the borrowings are repayable:		
Within one year	1,416,424	1,167,496
Within a period of more than one year but not exceeding two years	33,583	149,605
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>31,817</u>
	<u>1,450,007</u>	<u>1,348,918</u>
Less: Amounts due within one year shown under current liabilities	<u>1,416,424</u>	<u>1,167,496</u>
Amounts shown under non-current liabilities	<u>33,583</u>	<u>181,422</u>

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

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Fixed-rate borrowings	<u>1,450,007</u>	<u>1,348,918</u>

As at December 31, 2025, borrowings carry interest at 2.63% to 6.00% (2024: 3.25% to 6.48%) per annum.

18. CONTRACT LIABILITIES

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods	<u>63,287</u>	<u>106,093</u>

As at January 1, 2024, the carrying amounts of contract liabilities were approximately RMB42,173,000.

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

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

	For the year ended December 31,	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liability balance at the beginning of the year — sales of goods	<u>105,130</u>	<u>41,907</u>

19. GOLD LOANS

	As at December 31,	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Gold loans	<u>547,796</u>	<u>359,087</u>

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

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

The gold loans were secured by the pledge of certain bank deposits and property, plant and equipment and guaranteed by the Company and/or certain subsidiaries of the Group.

20. REFUND LIABILITIES

	As at December 31,	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Refund liabilities	<u>24,464</u>	<u>49,510</u>
Analysed for reporting purposes as:		
Non-current liabilities	11,520	26,097
Current liabilities	<u>12,944</u>	<u>23,413</u>
	<u>24,464</u>	<u>49,510</u>

21. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	<u>Number of shares</u>	<u>Share capital</u>	<u>Shares held for share award scheme</u>
	'000	RMB'000	RMB'000
Issued and fully paid:			
At January 1, 2024	229,067	229,067	–
Issue of shares upon IPO <i>(Note i)</i>	<u>43,956</u>	<u>43,956</u>	<u>–</u>
At December 31, 2024	273,023	273,023	–
Purchase of shares <i>(Note ii)</i>	<u>–</u>	<u>–</u>	<u>(139,698)</u>
At December 31, 2025	<u><u>273,023</u></u>	<u><u>273,023</u></u>	<u><u>(139,698)</u></u>

Notes:

- i On November 29, 2024, the Company was successfully listed on the Main Board of The Stock Exchange following the completion of issuance of approximately 43,956,000 new shares of RMB1.00 each, issued at an offer price of HKD12.00 per share and the total proceed was HKD527,482,000 (equivalent to approximately RMB487,156,000). An amount of RMB443,200,000, being the excess of the consideration received over the par value of the ordinary shares, was credited to share premium and share issue cost of RMB41,524,000 was debited to the share premium.
- ii During the year ended December 31, 2025, the Company purchased 10,008,000 (2024: nil) shares of its own ordinary shares from the Stock Exchange through a trustee, which was for future share award scheme. The aggregate consideration of shares purchased was HKD149,540,000 (equivalent to RMB139,698,000) and has been deducted from shareholders' equity.

22. CAPITAL COMMITMENTS

	<u>As at December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u><u>9,671</u></u>	<u><u>5,362</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2025, influenced by multiple factors including high gold prices and the implementation of new tax policies, market demand exhibited a diversified development trend, encompassing gold products with different positioning such as high-end, lightweight, and high cost-performance, which can match the differentiated demand preferences of various consumer groups. At the same time, consumers' recognition of gold's investment attributes continued to deepen. In 2025, the consumption volume of gold bullion and gold coins in China exceeded that of gold jewellery for the first time, marking a transitional shift in the consumption structure of the gold market.

According to the China Gold Association, total gold consumption in China in 2025 was 950.10 tonnes, representing a year-on-year decrease of 3.57%. The details are as follows:

- Gold jewellery: 363.84 tonnes, a year-on-year decrease of 31.61%;
- Gold bullion and gold coins: 504.24 tonnes, a year-on-year increase of 35.14%;
- Industrial and other uses: 82.02 tonnes, a year-on-year increase of 2.32%.

At the end of December 2025, the London spot gold fixing price was USD4,307.95 per ounce, representing an increase of 62.90% from USD2,644.60 per ounce at the beginning of the Year. The closing price of Au9999 on the Shanghai Gold Exchange was RMB974.90 per gram, representing an increase of 58.78% from the opening price of RMB614.00 per gram at the beginning of the Year.

Business Review

Business model and product offerings

The Group is a gold jewellery original brand manufacturer in the China's gold jewellery industry, with an operation that encompasses key stages of the gold jewellery industry, from raw material sourcing and purification, research and development, product design, manufacturing to retailing through our diversified sales network. The Group is primarily engaged in (i) the production and sales of gold jewellery and other gold products; (ii) the production and sales of K-gold jewellery, diamond inlaying jewellery and other products; and (iii) the provision of services.

During the Reporting Period, the Group's total revenue increased by 5.1% to RMB20,709.6 million, compared to RMB19,712.9 million for the last year. The total comprehensive income of the Group for the Year amounted to RMB110.1 million, compared to a total comprehensive income of RMB200.7 million for the last year.

Franchise Network

The Group primarily sells products to its customers through (i) franchise network (including provincial-dealers and franchisees); and (ii) self-operated stores. As of December 31, 2025, the Group had established an offline sales network covering 2,521 (2024: 2,791) stores, comprising 2,493 (2024: 2,758) franchise stores and 28 (2024: 33) self-operated stores.

In addition, the Group also offers its products through online channels, including (i) sales to online platforms, and (ii) sales through self-operated online stores. As of December 31, 2025, the Group had operations on 12 (2024: 12) e-commerce platforms.

Expanding the Global Footprint

The Company has been actively advancing its overseas presence. Exported product categories encompass gold jewellery, K-gold jewellery, diamond inlaying jewellery, and multi-material accessories. The Company sells its products to regions including North America, Europe, the Middle East, and Southeast Asia, leveraging the advantages of its in-house manufacturing facilities to establish long-term cooperative relationships with overseas clients. As the Company deepens its presence in overseas markets, there have been notable improvements in product mix diversity, quality standards, and the breadth of client coverage. In 2025, the Company's overseas revenue reached RMB340.3 million, representing a year-on-year increase of 142.6%. Going forward, the management of the Company (“**Management**”) will adhere to the overseas strategic layout and further expand the global market through close collaboration with the overseas teams.

Financial Review, Operating Results and Analysis

Revenue

The Group's revenue is primarily derived from (i) the production and sales of gold jewellery and other gold products; (ii) the production and sales of K-gold jewellery, diamond inlaying jewellery and other products; and (iii) the provision of services. The following table sets forth the breakdown of our revenue by product and services during the indicated periods:

	Year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Sales of gold jewellery and other gold products	20,190,555	19,280,247
Sales of K-gold jewellery, diamond inlaying jewellery and other products	353,916	342,650
Other services	165,096	89,988
Total:	<u>20,709,567</u>	<u>19,712,885</u>

Segment performance review

By Products and services

(i) Sales of gold jewellery and other gold products

During the Reporting Period, our revenue from sales of gold jewellery and other gold products was RMB20,190.6 million (2024: RMB19,280.2 million), representing a year-on-year increase of 4.7%. The increase was primarily due to the widespread rise in gold prices.

(ii) Sales of K-gold jewellery, diamond inlaying jewellery and other products

During the Reporting Period, our revenue from K-gold jewellery, diamond inlaying jewellery and other products was RMB353.9 million (2024: RMB342.7 million), representing a year-on-year increase of 3.3%. The increase was primarily attributable to higher sales volumes of K-gold jewellery, diamond inlaying jewellery and other products sold to overseas customers.

(iii) Other services

The Group collects service fees from multiple sources, including annual franchise fees, one-time franchise fees, brand access fees, and others.

During the Reporting Period, revenue from services amounted to RMB165.1 million (2024: RMB90.0 million), representing a year-on-year increase of 83.4%. The increase was mainly due to the increase in revenue received from subcontracting production with overseas customers.

By geographical markets

The Group generated revenue from two major geographical markets, namely: (i) Chinese Mainland; and (ii) overseas.

(i) Chinese Mainland

During the Reporting Period, the revenue derived from Chinese Mainland market amounted to RMB20,369.3 million (2024: RMB19,572.6 million), of which its revenue contribution to the total revenue amounted to 98.4% (2024: 99.3%).

(ii) Overseas

During the Reporting Period, the Group's revenue from overseas market amounted to RMB340.3 million (2024: RMB140.3 million), of which its revenue contribution to the total revenue amounted to 1.6% (2024: 0.7%). During the Reporting Period, the Group's revenue from overseas market increased by 142.6% year-on-year, mainly due to the initial success of the Group's overseas sales layout, which has led to significant improvements in product structure diversity, product quality and the breadth of customer coverage.

Cost of sales

Cost of sales primarily consists of material costs, staff costs, overheads and subcontracting costs. During the Reporting Period, cost of sales amounted to RMB19,130.6 million (2024: RMB18,382.0 million), a year-on-year increase of 4.1%. The increase was primarily due to the rise in material costs, which is typically driven by the increase in gold prices.

Gross profit and gross profit margin

During the Reporting Period, our gross profit amounted to RMB1,579.0 million (2024: RMB1,330.9 million), a year-on-year increase of 18.6%. The increase was primarily attributable to the rise in gold prices and the growth in overseas sales during the Reporting Period. The gross profit margin for the Reporting Period was 7.6% (2024: 6.8%). The change in gross profit margin was primarily due to rise in gold prices during the Reporting Period.

Other income

Other income mainly consisted of (i) interest income from bank and other deposits; (ii) other income from franchisees and provincial-dealers; (iii) rental income; and (iv) government grants. During the Reporting Period, other income amounted to RMB18.3 million (2024: RMB34.6 million), a year-on-year decrease of 47.1%. The decrease was primarily due to the decrease in government subsidies.

Distribution and selling expenses

Distribution and selling expenses mainly consisted of staff costs, media advertising and promotion expenses. During the Reporting Period, sales and distribution expenses amounted to RMB201.9 million (2024: RMB229.2 million), a year-on-year decrease of 11.9%, primarily due to the reduction in advertising expenses and the decline in employee compensation resulting from the decrease in the number of employees.

Research and development expenses

Research and development expenses mainly consisted of staff costs and consumables, such as raw materials used in research and development activities and parts and components of machinery. During the Reporting Period, the Group recorded research and development expenses of RMB18.9 million (2024: RMB22.4 million), a year-on-year decrease of 15.6%. The decrease was primarily due to the centralization of research and development projects, which resulted in a reduction in overall investment.

Administrative expenses

Administrative expenses mainly represented (i) staff costs, (ii) depreciation and amortization, and (iii) office expenses.

During the Reporting Period, administrative expenses amounted to RMB116.0 million (2024: RMB103.4 million), a year-on-year increase of 12.2%, primarily due to the increase in fees for agency and consulting services.

Other expenses and other gains and losses, net

Other expenses and other gains and losses, net mainly consisted of (i) direct operating expenses incurred for investment properties; (ii) realised gains or losses on Au (T+D) contracts; (iii) realised gains or losses on gold loans; and (iv) unrealised gains or losses on gold loans. During the Reporting Period, other expenses and other gains and losses, net amounted to RMB1,010.3 million (2024: RMB649.4 million), a year-on-year increase of 55.6%, primarily due to the increased losses on Au (T+D) contracts and gold loans resulting from higher gold prices.

Finance costs

Finance costs represent (i) interest on borrowings; (ii) interest on gold loans; (iii) interest on discounted bills payables; and (iv) interest on lease liabilities.

During the Reporting Period, our finance costs amounted to RMB91.2 million (2024: RMB71.5 million), a year-on-year increase of 27.6%, primarily due to the increased borrowings and gold loans of the Group, resulting in higher interest payments.

Net Impairment Losses under Expected Credit Loss Model

Net impairment losses under expected credit loss model mainly represented net impairment losses recognized on (i) trade receivables, and (ii) other receivables.

During the Reporting Period, the Group recorded reversals of impairment losses of RMB1.4 million, compared with impairment losses of RMB5.3 million for the year ended December 31, 2024, mainly due to the decrease in outstanding trade receivable balances.

Profit before tax

During the Reporting Period, profit before tax amounted to RMB160.5 million (2024: RMB269.8 million), a year-on-year decrease of 40.5%, primarily due to the increased losses on Au (T+D) contracts and gold loans as a result of higher gold prices, resulting in lower profit before tax.

Income tax expense

During the Reporting Period, our income tax expense amounted to RMB50.6 million (2024: RMB69.0 million) and our effective tax rate was 31.5% (2024: 25.6%).

Total Comprehensive Income for the Year

During the Reporting Period, the Group recorded total comprehensive income for the Year of RMB110.1 million (2024: RMB200.7 million), representing a year-on-year decrease of 45.1%, primarily due to the reasons set out above.

Total Comprehensive Income Attributable to Owners of the Company

During the Reporting Period, the Group recorded total comprehensive income attributable to owners of the Company for the Year of RMB96.6 million (2024: RMB189.4 million), representing a year-on-year decrease of 49.0%.

Financial Position Review

Assets

As of December 31, 2025, the Group had total assets of RMB4,949.9 million, total liabilities of RMB2,582.6 million and shareholders' equity of RMB2,367.3 million.

Inventories

Inventories mainly include raw materials, work in progress, finished goods, goods in transit, consignment processing materials and consumables. As of December 31, 2025, our inventories amounted to RMB2,632.4 million (2024: RMB2,544.3 million), a year-on-year increase of 3.5%, which was primarily caused by an increase in gold prices during the Reporting Period.

Trade receivables

Trade receivables primarily represent receivables from our customers. As of December 31, 2025, our trade receivables amounted to RMB253.7 million (2024: RMB276.4 million), representing a year-on-year decrease of 8.2%, which was primarily attributable to the Group's stringent control over outstanding trade receivables balance.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables mainly represented our deductible input VAT and right to returned goods asset. Deductible input VAT was mainly in relation to procurement of property, plant and equipment. The right to returned goods asset represented the gold lending arrangement to our customers to replenish their inventories when they have urgent needs and the return policy of the Group's diamond inlaying jewellery products. As of December 31, 2025, our prepayments, deposits and other receivables amounted to RMB401.2 million (2024: RMB541.5 million), representing a year-on-year decrease of 25.9%, primarily due to a decrease in the right to returned goods asset resulting from a decline in inlaying product sales and gold lending.

Pledged/Restricted Deposits

Pledged and restricted deposits mainly include deposits pledged to banks to secure banking facilities, security deposits for issuance of bills payables, security deposits for gold loans, security deposits for gold trading accounts and others. As of December 31, 2025, pledged/restricted deposits amounted to RMB606.4 million (2024: RMB466.6 million).

Cash and Cash Equivalents

As of December 31, 2025, cash and cash equivalents amounted to RMB501.1 million (2024: RMB556.2 million).

Trade and bills payables

Trade payables primarily related to purchase of raw materials and finished goods and are non-interest bearing. Bills payables were in relation to bank bills that were applied to settle with an independent third-party supplier for procurement of gold materials from it. All bills payables by the Group were with a maturity period of less than one year.

As of December 31, 2025, trade and bills payables amounted to RMB265.8 million (2024: RMB394.1 million), representing a year-on-year decrease of 32.6%, primarily due to a decrease in usage of bills payables to settle for procurement of raw materials.

Other payables and accruals

Other payables and accruals mainly represented deposits received, salaries, welfare and bonus payable, accrued expenses, and other tax payable. As of December 31, 2025, other payables and accruals amounted to RMB160.9 million (2024: RMB144.4 million), representing a year-on-year increase of 11.4%, primarily due to an increase in tax-related expenses payable and performance deposits payable.

Contract liabilities

Contract liabilities represented the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The contract liabilities were expected to be recognized as revenue in the next 12 months. The contract liabilities arose when customers made advance payment to the Group for their purchases, which the customers can fix the purchase price of the gold jewellery to be purchased in advance. As of December 31, 2025, contract liabilities amounted to RMB63.3 million (2024: RMB106.1 million), representing a year-on-year decrease of 40.3%, primarily due to a decrease in prepayment from customers.

Gold loans

The Group borrows gold from commercial banks for 3 months to 12 months and pays a fixed fee to the bank for the duration of the contract based on the value of gold at inception and relevant interest rates at inception. As of December 31, 2025, gold loans amounted to RMB547.8 million (2024: RMB359.1 million), representing a year-on-year increase of 52.5%, which is primarily caused by an increase in the amount of gold loans the Group incurred and the increase in the fair value of the gold borrowed from banks.

Refund liabilities

Under the Group's standard contract terms, except for closures of stores, franchisees have no right to return any goods after its acceptance of the products but have a right to exchange unsold diamond inlaying jewellery within five years. Revenue is recognized for sales when it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. Conversely, if the goods are expected to be exchanged, a refund liability, instead of revenue, is recognized. Simultaneously, the Group recognizes a right to return goods asset, measured at the carrying amount of the inventories sold less any expected costs to recover the goods, with a corresponding adjustment to the cost of sales. As of December 31, 2025, the Group recorded refund liabilities of RMB24.5 million (2024: RMB49.5 million), representing a year-on-year decrease of 50.5%, which is primarily caused by the decrease in sales of diamond inlaying jewellery products.

Capital expenditures

As of December 31, 2025, the Group had capital expenditures of RMB33.2 million (2024: RMB165.1 million), which were primarily used for property, plant and equipment, leasehold lands and intangible assets.

Capital commitments

As of December 31, 2025, the Group's capital commitments in respect of property, plant and equipment amounted to RMB9.7 million (2024: RMB5.4 million).

Contingent liabilities

As of December 31, 2025, the Group did not have any material contingent liabilities, material litigation or arbitration.

Liquidity, Financial Resources and Capital Structure

As of December 31, 2025, the Group had total assets of RMB4,949.9 million (2024: RMB4,934.6 million) and interest-bearing borrowings of RMB1,450.0 million (2024: RMB1,348.9 million), with a gearing ratio (defined as total borrowings divided by total equity) of 61.3% (2024: 54.4%).

As of December 31, 2025, the Group had net current assets of RMB1,834.8 million (2024: RMB1,996.5 million), comprising current assets of RMB4,366.6 million (2024: RMB4,238.9 million) and current liabilities of RMB2,531.8 million (2024: RMB2,242.4 million), with a current ratio of 1.7 times (2024: 1.9 times).

As of December 31, 2025, the Group's cash and cash equivalents and pledged/restricted bank deposits amounted to RMB1,107.5 million (2024: RMB1,022.8 million). As of December 31, 2025, the Group's cash and cash equivalents amounted to RMB501.1 million (2024: RMB556.2 million).

As of December 31, 2025, the Group's borrowings amounted to RMB1,450.0 million (As of December 31, 2024: RMB1,348.9 million), which were primarily denominated in RMB and all bore interest at fixed rates. The increase in the Group's borrowings was mainly used for general/working capital needs.

MATERIAL INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

During the Reporting Period, the Group did not have any material investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of December 31, 2025, the Group did not have any plans for material investments, disposals or additions of capital assets.

PLEDGE OF ASSETS

As of December 31, 2025, (i) property, plant and equipment with a carrying amount of RMB226.9 million (2024: RMB293.1 million) were pledged to banks as collaterals for the Group's borrowings, bills payables and gold loans; (ii) leasehold lands with a carrying amount of RMB49.1 million (2024: RMB3.4 million) were pledged to banks as collaterals for the Group's borrowings; (iii) investment properties with a carrying amount of nil (2024: RMB32.1 million) were pledged to banks as collaterals for the Group's borrowings; and (iv) the Group's pledged/restricted deposits with a carrying amount of RMB241.6 million (2024: RMB279.7 million) were pledged to banks as collaterals for the Group's borrowings, gold loans and bills payables.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On January 14, 2025, the Board passed resolutions which, among other things, (i) appointed Mr. BAI Xianyue as the chairman of the Nomination Committee; (ii) proposed adoption of the H Share Award Scheme (the “**Share Award Scheme**”); (iii) proposed amendments to certain provisions of the articles of association of the Company (“**Articles of Association**”); and (iv) proposed implementation of H shares full circulation (“**H shares Full Circulation**”). On February 10, 2025, the Company held the 2025 first extraordinary general meeting. The following resolutions were duly passed as special resolutions of the Company:

- adoption of the Share Award Scheme
- authorisation to the Board and/or its Authorised Person to handle all matters relating to the Share Award Scheme
- amendments to the Articles of Association

For further details, please refer to the announcements of the Company dated January 14, 2025 and February 10, 2025 and the circular of the Company dated January 15, 2025.

The Company has received a filing notice dated April 3, 2025 issued by the China Securities Regulatory Commission (the “**CSRC**”) in respect of the H shares Full Circulation and has received approval of the listing of, and permission to deal in 164,760,000 H shares of the Company from The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) as at April 14, 2025. For further details, please refer to the announcements of the Company dated April 3, 2025, April 14, 2025 and April 25, 2025.

On May 16, 2025, resolutions were passed at the first meeting of the third session of the Board to propose the implementation of H share Full Circulation in respect of 40,000,000 unlisted shares of the Company held by a shareholder, representing approximately 14.65% of the total issued share capital of the Company as at May 16, 2025. H share Full Circulation and conversion and listing are subject to other relevant procedures required by the CSRC, Hong Kong Stock Exchange and other relevant domestic and overseas regulatory authorities. For further details, please refer to the announcement of the Company dated May 16, 2025.

Save as disclosed above and in this announcement, there were no other significant events that had a significant impact on the Group’s operations and financial performance during the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company received a filing notice from the CSRC on January 16, 2026 in respect of the H share Full Circulation, and obtained approval from the Hong Kong Stock Exchange on February 2, 2026 for the listing of, and permission to deal in, 40,000,000 H shares. The H shares Full Circulation was completed on February 13, 2026. For further details, please refer to the announcements of the Company dated January 16, 2026, February 2, 2026 and February 12, 2026.

Save as disclosed above, there were no other material matters after the Reporting Period.

MARKET RISKS

The Group is exposed to various market risks from changes in market, such as commodity price risk, interest rate risk and risk of changes in economic development.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain transactions of the Group are denominated in foreign currencies, and are exposed to foreign currency risk. As most of the Company's business transactions are conducted in Chinese Mainland and such transactions in Chinese Mainland are mainly denominated in RMB, the Company is exposed to foreign currency risk but such risk is not significant. Accordingly, the Group currently does not have a foreign currency hedging policy. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Commodity Price Risk

A significant decline in the price of gold could adversely affect the Group's financial performance. In order to reduce the commodity price risk, the Group uses gold loans as well as derivative financial instruments of gold contracts, such as Au (T+D) contracts, to reduce its exposure to fluctuations in the gold price on gold products. However, revenue arising from increases in gold prices are generally only reflected upon the sale of products, and the revenue from appreciation of unsold inventory goods is not reflected. When products are sold at prevailing market prices, the increased revenue generated from higher gold prices will offset the adverse impact of losses from Au (T+D) contracts and gold loans on net profit.

Interest Rate Risk

The Group's fair value interest rate risk relates primarily to pledged/restricted deposits, fixed-rate borrowings, gold loans and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, which carry prevailing market interest rates. The Group manages interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The Group did not use any interest rate swap contracts to hedge its interest rate risk during the Reporting Period.

Risk of Changes in Economic Development

The Group's business is particularly sensitive to the economic development and the purchasing power of consumers in the PRC. Economic growth in the PRC over the past three decades has led to substantial growth in personal disposable income and has resulted in increasing purchasing power and greater demand for discretionary consumer products. The demand for gold jewellery products is partially dependent on end-consumers' income and consumption patterns, which in turn are affected by prevailing economic conditions. The Group intends to continue to develop and offer different product categories with various designs and features that align with regional market trends and cater to consumer preferences.

OUTLOOK

In 2026, there remains no sign of relief from economic and geopolitical uncertainties. Coupled with the combined impacts of multiple factors such as the implementation of new tax policies, industry reshuffling and elimination will further intensify. We will continue to deeply pursue our strategies of “globalization, youth orientation, and digitalization”, accelerate the transition towards value creation, actively respond to the diversified trends in market demand, and build a gold product matrix covering different market positions including high-end, lightweight, and high cost-performance offerings. Meanwhile, we will further strengthen product innovation, enhance brand building, digital operations, and supply chain management capabilities, thereby continuously bolstering our core competitiveness to confront industry changes and challenges with greater composure.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company's H shares were successfully listed on Hong Kong Stock Exchange on November 29, 2024, with net proceeds raised amounting to approximately HKD452.50 million (equivalent to approximately RMB420.70 million). As of December 31, 2025, approximately RMB105.58 million of such net proceeds had been utilized. All remaining unused net proceeds amounting to approximately RMB315.12 million were deposited with certain licensed financial institutions in the PRC.

The amount of proceeds actually used by the Company during the Reporting Period, the unutilized net proceeds as of the end of the Reporting Period and the expected timeline for utilizing the remaining unutilized net proceeds are as follows:

	Percentage of net proceeds intended to be distributed according to Prospectus (%)	Net proceeds intended to be distributed according to the Prospectus (RMB million)	Actual net proceeds received and proportional proceeds intended to be distributed (Note) (RMB million)	Proceeds utilized during the Reporting Period (RMB million)	Net proceeds unutilized as of the end of the Reporting Period (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds
Production expansion plan	50.0	232.5	210.4	73.53	136.87	To be fully utilized before the end of 2027
Expansion of sales network						
— Establishment of self-operated stores	31.0	144.1	130.4	11.63	118.77	To be fully utilized before the end of 2027
— Improving scale and operations of self-operated direct service centers	3.0	14.0	12.6	12.6	—	
Sub-total:	34.0	158.1	143.0	24.23	118.77	
Upgrade on information technology	16.0	74.4	67.3	7.82	59.48	To be fully utilized before the end of 2027
Total:	100	465.0	420.7	105.58	315.12	

Note: Calculated based on the exchange rate of RMB0.9298 to HKD1.

Since the listing, in order to enhance the efficiency of fund utilization, the Company has reduced non essential expenditures while ensuring operational quality and operational stability. After prudent consideration and assessment of the prevailing market environment, the Board has re-planned the timetable of the use of proceeds for 2026, and expects that the utilization period for certain portions of the proceeds will be extended to the end of 2027. To improve the utilization efficiency of the temporarily unutilized proceeds, the Board resolved on December 29, 2025 to temporarily apply an aggregate amount of RMB210 million of idle proceeds to replenish the Company's working capital for one year (the "**Utilization Period**"), comprising RMB70 million for the production facilities upgrading project, RMB90 million for the establishment of the marketing network, and RMB50 million for the upgrading of information technology systems.

During the Utilization Period, the Company expects that the relevant working capital will be used for purchasing gold raw materials. Upon the expiry of the Utilization Period, the Company will promptly and fully return such funds to the respective projects for their intended use. If the Company decides to accelerate the progress of any construction or investment project within the Utilization Period, the Company will return the proceeds to such construction and investment projects at any time as required.

The temporary replenishment of working capital is primarily based on the current market conditions, aimed at maintaining a prudent pace of expansion and optimizing capital allocation. The arrangement will help to ensure the security of the Company's cash flow and enhance the Company's resilience against market risks. Concurrently, it ensures the Company's daily operational funding requirements are met while supporting the stable development of its core business. The temporary replenishment of working capital is in line with the Company's operational needs and strategic arrangements at the present stage. This temporary replenishment of working capital will not compromise the progress of the upgrading projects of production facilities and information technology systems and the expansion of marketing network.

For further details regarding the Company's utilization of certain idle proceeds raised from H share initial public offering for temporary replenishment of working capital, please refer to the Company's announcement dated December 29, 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Year (including sale of treasury shares).

As at December 31, 2025, the Company did not have any treasury shares as defined under the Listing Rules.

CORPORATE GOVERNANCE

The Company has adopted and applied corporate governance practices based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the Company’s own code of corporate governance practices. The Board is of the opinion that during the Reporting Period, the Company has complied with all the code provisions as set out in Part 2 of the CG Code, and satisfied substantially all of the recommended best practices requirements as set out in Part 2 of the CG Code. The Board will continue to review and monitor its code of corporate governance practices of the Company with the aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to all the Directors, they confirm that they have complied with the required standards as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. DING Xiaodong (Chairman), Mr. WENG Xin and Mr. BAI Xianyue, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with the Management the annual results of the Group for the Year, including the accounting principles and practices adopted by the Group.

The Audit Committee is of the opinion that the preparation of the financial information complies with the applicable accounting standards, the requirements of the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Year as approved by the Board on March 24, 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary result announcement.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.3 per share (before tax) for the Year in cash, amounting to a total dividend payment of RMB81.9 million. The proposed payment of final dividend is subject to approval by the shareholders of the Company (the “**Shareholders**”) at the 2025 annual general meeting. In accordance with the Articles of Association, the proposed final dividend is expected to be paid no later than two months after the 2025 annual general meeting. The Company will separately announce the exact expected dividend payment date in due course in accordance with the provisions of the Listing Rules.

DIVIDEND TAX

According to the Law on Enterprise Income Tax of the People’s Republic of China(《中華人民共和國企業所得稅法》) which came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897號)), which was promulgated by the State Administration of Taxation and came into effect on November 6, 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold and pay 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise Shareholders whose names appear on the register of members of H shares, i.e. any Shareholders who hold H shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H shares registered in the name of other organisations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangement). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant tax treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui han [2011] No. 348)(《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H shares. If the individual holders of H shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Nonresident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H shares in the PRC and in Hong Kong and other tax effects.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.mokingran.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The Company will publish its annual report for the Year on the websites of the Company and the Hong Kong Stock Exchange in a timely manner in accordance with the Listing Rules, and will dispatch it to Shareholders at an appropriate time.

By order of the Board
MOKINGRAN JEWELLERY GROUP CO., LTD.
夢金園黃金珠寶集團股份有限公司
WANG Zhongshan
Chairman and Executive Director

Shandong, the People's Republic of China
March 24, 2026

As at the date of this announcement, the Board comprises (i) Mr. WANG Zhongshan, Ms. ZHANG Xiuqin, Mr. WANG Guoxin and Mr. WANG Zegang as executive Directors; and (ii) Mr. BAI Xianyue, Mr. WENG Xin and Mr. DING Xiaodong as independent non-executive Directors.