SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.
深圳西普尼精密科技股份有限公司
(incorporated in the People's Republic of China
with limited liability)

Report and Consolidated Financial Statements
For the three years ended 31 December 2024 and
five months ended 31 May 2025

SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED 31 DECEMBER 2024
AND THE FIVE MONTHS ENDED 31 MAY 2025

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Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.
深圳西普尼精密科技股份有限公司
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Shenzhen Hipine Precision Technology Co., Ltd. (formerly known as Shenzhen Chuanjindaiyin Technology Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 68, which comprise the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 31 May 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 and the five months ended 31 May 2025 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements of the Group for each of the three years ended 31 December 2024 and the five months ended 31 May 2025 are prepared, in all material respects, in accordance with the basis of preparation set out in note 3 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to note 3 to the consolidated financial statements, which describe the basis of accounting. The consolidated financial statements are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Company dated 19 September 2025 in connection with the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company without our prior written consent. All duties and liabilities (including, without limitation, those arising from negligence or otherwise) to any third party are specifically disclaimed. As explained in our engagement letter governing this engagement, the Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter have any rights under it.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD. - continued
深圳西普尼精密科技股份有限公司
(incorporated in the People's Republic of China with limited liability)

Other Matter

The comparative financial information for the five months ended 31 May 2024 has not been audited.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements in accordance with the basis of preparation set out in note 3 to the consolidated financial statements, this includes determining that the basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD. - continued
深圳西普尼精密科技股份有限公司
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

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

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

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

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

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 September 2025

SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
	NOTES	2022	2023	2024	2024	2025
			RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	323,704	445,477	456,556	189,692	231.028
Cost of sales		(259,577)	(337,172)	(332,399)	(141,632)	(159,390)
Gross profit		64,127	108,305	124,157	48,060	71,638
Other income	6(a)	5,513	9,173	7,163	3,095	2,048
Impairment losses under expected credit loss ("ECL") model, net of reversal	7	(1,803)	331	(1,811)	(1,756)	(3,412)
Other gains and losses	8	(1,066)	(3,763)	(7,935)	(2,960)	4,187
Selling expenses		(13,191)	(17,922)	(19,562)	(9,244)	(7,033)
Administrative expenses		(8,496)	(10,673)	(12,653)	(4,060)	(4,307)
Research and development expenses		(8,451)	(13,491)	(11,787)	(5,566)	(4,332)
Other expenses	6(b)	(5,100)	(7,312)	(4,050)	(1,916)	(1,173)
Listing expenses		-	-	(10,308)	-	(3,094)
Finance costs	9	(3,715)	(4,752)	(4,557)	(1,812)	(1,935)
Profit before tax		27,818	59,896	58,657	23,841	52,587
Income tax expense	10	(3,277)	(7,797)	(9,309)	(3,647)	(9,790)
Profit and total comprehensive income for the year/period	11	24,541	52,099	49,348	20,194	42,797
Earnings per share						
- Basic	15	0.60	1.17	1.02	0.42	0.89

SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 May 2025 RMB'000
Non-current Assets					
Property, plant and equipment	16	15,418	46,076	78,000	91,456
Right-of-use assets	17	9,145	7,189	7,877	8,293
Intangible assets	18	418	437	822	2,045
Deposits for purchase of property, plant and equipment		-	2,115	-	-
Deferred tax assets	19	2,156	2,725	4,438	4,390
Prepayments and other receivables	22	864	1,002	6,625	892
Pledged/restricted bank deposits	25	10	10	10	10
Bank deposits with original maturity over three months	25	-	10,000	-	-
Financial assets at fair value through profit or loss ("FVTPL")	23	4,500	2,097	2,097	2,097
Total Non-current Assets		32,511	71,651	99,869	109,183
Current Assets					
Inventories	20	513,079	632,614	656,143	660,343
Trade receivables	21	58,993	42,612	65,227	116,571
Prepayments and other receivables	22	3,780	6,406	7,373	10,567
Amounts due from related parties	24(a)	70	7	7	7
Pledged/restricted bank deposits	25	-	840	5,330	1,280
Bank deposits with original maturity over three months	25	-	-	10,000	-
Cash and cash equivalents	25	31,823	21,726	13,983	5,911
Total Current Assets		607,745	704,205	758,063	794,679

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - continued

	NOTES	As at 31 December			As at 31 May
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current Liabilities					
Trade and other payables	26	59,254	32,875	47,245	51,848
Tax payable		2,434	1,856	5,261	8,355
Bank borrowings	27	60,872	67,082	61,604	62,541
Lease liabilities	28	3,152	2,292	2,771	3,422
Contract liabilities	29	1,565	552	455	828
Gold loans	30	28,324	38,847	51,643	38,440
Total Current Liabilities		155,601	143,504	168,979	165,434
Net Current Assets		452,144	560,701	589,084	629,245
Total Assets less Current Liabilities		484,655	632,352	688,953	738,428
Non-current Liabilities					
Deferred income		184	-	-	311
Lease liabilities	28	3,282	2,026	2,345	2,152
Bank borrowings	27	-	-	27,190	33,750
Total Non-current Liabilities		3,466	2,026	29,535	36,213
Net Assets		481,189	630,326	659,418	702,215
Capital and Reserves					
Share capital	31(a)	40,580	48,225	48,225	48,225
Reserves		440,609	582,101	611,193	653,990
Total Equity		481,189	630,326	659,418	702,215

The consolidated financial statements on pages 4 to 68 were approved and authorised for issue by the Board of Directors on 19 September 2025 and are signed on its behalf by:

Director

Director

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 May 2025 RMB'000
Non-current Assets					
Property, plant and equipment	16	10,336	9,497	8,534	7,781
Right-of-use assets	17	6,017	4,126	4,879	5,323
Intangible assets	18	418	437	822	2,045
Investments in subsidiaries	37	81,240	88,960	94,510	99,960
Deferred tax assets	19	1,651	2,617	4,151	3,952
Prepayments and other receivables	22	864	1,002	913	892
Bank deposits with original maturity over three months	25	-	10,000	-	-
Financial assets at FVTPL	23	4,500	2,097	2,097	2,097
Total Non-current Assets		105,026	118,736	115,906	122,050
Current Assets					
Inventories	20	482,073	570,255	606,087	576,945
Trade receivables	21	24,503	36,351	46,218	87,059
Prepayments and other receivables	22	2,472	3,282	7,177	7,135
Amounts due from related parties	24(a)	70	7	7	7
Amounts due from subsidiaries	24(b)	1,741	47,605	29,133	45,271
Pledged/restricted bank deposits	25	-	840	5,330	1,280
Bank deposits with original maturity over three months	25	-	-	10,000	-
Cash and cash equivalents	25	28,089	17,500	13,209	5,707
Total Current Assets		538,948	675,840	717,161	723,404

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY - continued

	NOTES	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 May 2025 RMB'000
Current Liabilities					
Trade and other payables	26	62,857	31,484	44,211	48,129
Amounts due to a subsidiary	24(b)	30,147	54,452	56,779	50,363
Tax payable		1,976	1,251	1,589	3,501
Bank borrowings	27	52,362	58,573	53,063	52,460
Lease liabilities	28	3,152	2,292	2,771	3,422
Contract liabilities	29	1,565	552	455	828
Gold loans	30	28,324	38,847	51,643	38,440
Total Current Liabilities		180,383	187,451	210,511	197,143
Net Current Assets		358,565	488,389	506,650	526,261
Total Assets less Current Liabilities		463,591	607,125	622,556	648,311
Non-current Liabilities					
Deferred income		-	-	-	311
Lease liabilities	28	3,282	2,026	2,345	2,152
Total Non-current Liabilities		3,282	2,026	2,345	2,463
Net Assets		460,309	605,099	620,211	645,848
Capital and Reserves					
Share capital	31(a)	40,580	48,225	48,225	48,225
Reserves	31(b)	419,729	556,874	571,986	597,623
Total Equity		460,309	605,099	620,211	645,848

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Safety production fund reserve RMB'000 (Note b)	Statutory reserve RMB'000 (Note a)	Retained profits RMB'000	Total RMB'000
At 1 January 2022	40,580	117,069	-	20,290	303,057	480,996
Profit and total comprehensive income for the year	-	-	-	-	24,541	24,541
Transfer to safety production fund, net	-	-	280	-	(280)	-
Dividends declared	-	-	-	-	(24,348)	(24,348)
At 31 December 2022	40,580	117,069	280	20,290	302,970	481,189
Profit and total comprehensive income for the year	-	-	-	-	52,099	52,099
Transfer to safety production fund, net	-	-	1,552	-	(1,552)	-
Placement of shares (Note 31a)	7,645	113,506	-	-	-	121,151
Dividends declared	-	-	-	-	(24,113)	(24,113)
Appropriation	-	-	-	4,801	(4,801)	-
At 31 December 2023	48,225	230,575	1,832	25,091	324,603	630,326
Profit and total comprehensive income for the year	-	-	-	-	49,348	49,348
Transfer to safety production fund, net	-	-	1,961	-	(1,961)	-
Dividends declared	-	-	-	-	(20,256)	(20,256)
At 31 December 2024	48,225	230,575	3,793	25,091	351,734	659,418
Profit and total comprehensive income for the period	-	-	-	-	42,797	42,797
Transfer to safety production fund, net	-	-	943	-	(943)	-
At 31 May 2025	48,225	230,575	4,736	25,091	393,588	702,215
At 1 January 2024	48,225	230,575	1,832	25,091	324,603	630,326
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	20,194	20,194
Transfer to safety production fund, net (unaudited)	-	-	817	-	(817)	-
At 31 May 2024 (unaudited)	48,225	230,575	2,649	25,091	343,980	650,520

Notes:

(a) It represents the statutory reserve of certain entities comprising the Company (as defined in note 1) and its subsidiaries (collectively referred as to the "Group") in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC entities established comprising the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the entities comprising the Group.

(b) Pursuant to the relevant PRC regulations, the Company is required to appropriate an amount equal to 0.05% to 2.35% of the Company's revenue in the preceding year each year to safety production fund reserve from retained profits. The safety production fund could be utilised when expenses or capital expenditures on production safety measures were incurred, and the amount utilised would be transferred from the safety production fund reserve to retained profits.

SHENZHEN HIPINE PRECISION TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2022	2023 RMB'000	2024 RMB'000	2024 RMB'000 (Unaudited)	2025 RMB'000
OPERATING ACTIVITIES					
Profit before tax	27,818	59,896	58,657	23,841	52,587
Adjustments for:					
Finance costs	3,715	4,752	4,557	1,812	1,935
Bank interest income	(13)	(371)	(286)	(120)	(36)
Asset-related government grants	(199)	(184)	-	-	(6)
Loss (gain) on changes in fair value of gold loans	1,436	1,789	8,159	3,019	(4,362)
Depreciation and amortisation	4,543	3,953	3,594	1,562	1,682
Impairment losses recognised (reversed) under ECL, net of reversal	1,803	(331)	1,811	1,756	3,412
Gain on early termination of leases	(361)	(466)	(62)	(62)	-
(Reversal of write-down) write-down of inventories	(293)	1,406	921	545	222
Loss on disposal of property, plant and equipment	5	37	3	-	7
(Gain) loss on changes in fair value of financial assets at FVTPL	(14)	2,403	-	-	-
Operating cash flows before movements in working capital	38,440	72,884	77,354	32,353	55,441
(Increase) decrease in inventories	(2,336)	(109,213)	(17,262)	779	(12,200)
(Increase) decrease in trade receivables	(33,025)	16,991	(24,109)	(29,278)	(54,278)
(Increase) decrease in prepayments and other receivables	(892)	(2,810)	(3,420)	(159)	2,430
Increase (decrease) in trade and other payables	8,165	(1,807)	12,097	10,017	5,208
Increase (decrease) in contract liabilities	1,266	(1,013)	(97)	473	373
Cash generated from (used in) operations	11,618	(24,968)	44,563	14,185	(3,026)
Interest paid on gold loans	(525)	(1,838)	(1,982)	(730)	(884)
Income tax paid	(3,429)	(8,944)	(7,617)	(3,009)	(6,648)
Net cash from (used in) operating activities	7,664	(35,750)	34,964	10,446	(10,558)

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
INVESTING ACTIVITIES					
Interest received	13	371	16	7	542
Purchases of property, plant and equipment	(1,518)	(36,742)	(32,023)	(16,118)	(13,632)
Proceeds on disposal of property, plant and equipment	-	9	-	-	-
Purchases of financial assets at FVTPL	(13,100)	-	-	-	-
Proceeds from disposal of financial assets at FVTPL	18,114	-	-	-	-
Purchases of intangible assets	-	(124)	(511)	(28)	(1,315)
Placement of bank deposit with original maturity over three months	-	(10,000)	-	-	-
Withdrawal of bank deposit with original maturity over three months	-	-	-	-	10,000
Placement of pledged/restricted bank deposits	-	(840)	(5,330)	(750)	(1,910)
Withdrawal of pledged/restricted bank deposits	-	-	840	840	5,960
Net cash from (used in) investing activities	3,509	(47,326)	(37,008)	(16,049)	(355)
FINANCING ACTIVITIES					
New bank borrowings raised	61,500	67,450	125,690	43,000	13,810
Repayments of bank borrowings	(54,550)	(61,240)	(104,000)	(50,980)	(6,600)
Placement of shares, net of transaction costs	-	121,151	-	-	-
Interest paid on bank borrowings	(2,824)	(2,639)	(2,692)	(979)	(1,229)
Repayment of lease liabilities	(3,630)	(3,007)	(2,551)	(1,063)	(1,389)
Interest paid on lease liabilities	(362)	(275)	(186)	(64)	(107)
Dividends paid	-	(48,461)	(20,256)	-	-
Payment of issue cost	-	-	(1,704)	-	(1,644)
Repayments to related parties	(65)	-	-	-	-
Net cash from (used in) financing activities	69	72,979	(5,699)	(10,086)	2,841
Net increase (decrease) in cash and cash equivalents	11,242	(10,097)	(7,743)	(15,689)	(8,072)
Cash and cash equivalents at beginning of the year/period	20,581	31,823	21,726	21,726	13,983
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	31,823	21,726	13,983	6,037	5,911

1. GENERAL INFORMATION

Shenzhen Hipine Precision Technology Co., Ltd. (the "Company") was incorporated as a limited liability company on 15 July 2013 in Shenzhen, Guangdong Province, the PRC. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed "Corporate Information" of the Prospectus.

The Group is principally engaged in the manufacturing and sale of precious metal watches and accessories in the PRC. The ultimate controlling parties of the Company are Mr. Li Yongzhong (father-in-law of Mr. Hu Shaohua and father of Mr. Li Shuo and Mr. Li Linmao), Mr. Hu Shaohua (son-in-law of Mr. Li Yongzhong and brother-in-law of Mr. Li Shuo and Mr. Li Linmao), Mr. Li Shuo (son of Mr. Li Yongzhong, brother-in-law of Mr. Hu Shaohua and elder brother of Mr. Li Linmao) and Mr. Li Linmao (son of Mr. Li Yongzhong, brother-in-law of Mr. Hu Shaohua and younger brother of Mr. Li Shuo) who act in concert under a contractual agreement (the "Controlling Shareholders").

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

The financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the relevant accounting principles and regulations in the PRC were audited by Lixin Zhonglian Certified Public Accountants which were the certified public accountants registered in the PRC.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDs

For the purpose of preparing the consolidated financial statements for the years ended 2022, 2023 and 2024 and the five months ended 31 May 2025 (the "Track Record Period"), the Group has consistently adopted the accounting policies which conform with IFRS Accounting Standards, issued by the IASB which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of issuance the consolidated financial statements, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDs - continued

New and amendments to IFRS Accounting Standards in issue but not yet effective - continued

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the IFRS Accounting Standard mentioned below, the directors of the Company (the "Directors") anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 *Presentation of Financial Statements*. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard will not have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

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 has been prepared in accordance with IFRS Accounting Standards issued by the IASB. 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 includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements for the Track Record Period have been prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Company dated 19 September 2025 in connection with the initial public offering of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, comparative figures for the year ended 31 December 2022 have not been presented.

The consolidated financial statements has been prepared on the historical cost basis except for certain financial instruments and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

3.1 Basis of preparation of consolidated financial statements - continued

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment* ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("IAS 36").

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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 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.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

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

3.2 Material accounting policy information - continued

Taxation - continued

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

The Group applies IAS 12 *Income Tax* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

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

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

3.2 Material accounting policy information - continued

Property, plant and equipment

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

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

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

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

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred when it results in no internally-generated intangible asset.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

3.2 Material accounting policy information - continued

Cash and cash equivalents - continued

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including bank balances, pledged/restricted bank deposits, bank deposit with original maturity over three months, trade receivables, other receivable and amount due from subsidiaries/related parties) which are subject to impairment assessment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with credit-impaired, and collectively for the remaining balances of debtors using internal credit rating with appropriate groupings.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as: significant financial difficulty of the issuer or the borrower and a breach of contract, such as a default or past due event.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS 9 - continued

(v) Measurement and recognition of ECL - continued

Trade and other receivables with credit-impaired debtors are assessed for ECL individually.

Lifetime ECL for non credit-impaired trade and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

Derecognition of financial assets

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

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities of the Group (including trade and other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Gold loans

Gold loans to be repaid by physical gold are classified as liabilities at fair value through profit or loss. Gain or losses on gold loans are recognised in profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these liabilities.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

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

Deferred tax assets

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Provision of ECL for trade receivables

Trade receivables with credit-impaired debtors are assessed for ECL individually.

In addition, for debtors which are not credit-impaired, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates (such as the forward-looking information). The information about the ECL and the Group's trade receivables are disclosed in Note 33.

Net realisable value of inventories

As at 31 December 2022, 2023 and 2024 and 31 May 2025, the carrying amount of the Group's inventories is RMB513,079,000, RMB632,614,000, RMB656,143,000 and RMB660,343,000, respectively. During the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2025, a (reversal of write-down) write-down of inventories of RMB(293,000), RMB1,406,000, RMB921,000 and RMB222,000 was recognised in profit or loss, respectively.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realisable value of inventories as well as the required amount of write-down of inventory provision at the end of each reporting period, which involves significant judgment on determination of the estimated selling prices, costs to completion and costs necessary to make the sale.

5. REVENUE AND OPERATING SEGMENTS

Disaggregation of revenue from contracts with customers

Types of goods or service

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Manufacturing and sales of and processing fee income from watches and accessories					
Watches	289,365	403,071	350,779	148,175	115,247
Accessories	34,339	42,406	105,777	41,517	115,781
	323,704	445,477	456,556	189,692	231,028

All of the Group's revenue are recognised at a point in time.

Performance obligations for contracts with customers

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on the receipt of products by customers.

Processing fee income is recognised at the point in time when the processed product is transferred to customers.

A contract liability represents the Group's obligation to transfer goods or services for which the Group has received consideration from the customer.

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.

Operating Segments

Information reported to the chairman and the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

Management reviews the operating results of the business as a whole to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit before tax are the measures reported to the CODM for the purpose of resources allocation and performance assessment. All of the Group's business and operations are conducted in Mainland China and currently, the Group's principal market, majority of revenue, operating profits and non-current assets are derived from/located in the Mainland China. Accordingly, no geographical segment information is presented.

5. REVENUE AND OPERATING SEGMENTS - continued

Operating Segments - continued

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Customer A	115,872	141,221	101,539	40,111	40,458
Customer B	95,424	143,834	116,659	59,843	30,516
Customer C	52,703	93,137	68,585	28,097	N/A*
Customer D	N/A*	N/A*	79,989	28,170	103,283

* The revenue of relevant customer did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME AND OTHER EXPENSES

(a) Other income

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Bank interest income	13	371	286	120	36
Government grants and subsidies	1,645	1,475	64	13	231
Tax refund and incentives	10	2,013	2,320	1,268	323
Watch maintenance service and spare part income	3,794	5,278	4,472	1,674	1,458
Others	51	36	21	20	-
	5,513	9,173	7,163	3,095	2,048

(b) Other expenses

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Watch maintenance service and spare part costs	3,135	4,525	3,483	1,434	1,149
Expenses related to National Equities Exchange and Quotation listing and lapsed transactions	1,944	2,509	472	472	-
Others	21	278	95	10	24
	5,100	7,312	4,050	1,916	1,173

Government grants mainly represented the government subsidies received from the local governments in the PRC in the recognition of the Group's contribution to local economy's development. There are no unfulfilled conditions relating to these grants.

7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Net impairment losses (recognised) reversed on:					
- trade receivables	(1,786)	610	(1,494)	(1,597)	(2,934)
- other receivables	(17)	(216)	(317)	(159)	(478)
- amounts due from related parties	-	(63)	-	-	-
	(1,803)	331	(1,811)	(1,756)	(3,412)

Details of impairment assessment are set out in Note 33.

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Loss on disposal of property, plant and equipment	(5)	(37)	(3)	-	(7)
Gain on early termination of leases	361	466	62	62	-
(Loss) gain on changes in fair value of gold loans	(1,436)	(1,789)	(8,159)	(3,019)	4,362
Gain (loss) on changes in fair value of financial assets at FVTPL	14	(2,403)	-	-	-
Net foreign exchange gain (loss)	-	-	165	(3)	(168)
	(1,066)	(3,763)	(7,935)	(2,960)	4,187

9. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest on bank loans	2,828	2,639	2,714	1,018	1,516
Interest on gold loans	525	1,838	1,982	730	884
Interest on lease liabilities	362	275	186	64	107
Total borrowing costs	3,715	4,752	4,882	1,812	2,507
Less: amounts capitalised in the cost of qualifying assets	-	-	(325)	-	(572)
	3,715	4,752	4,557	1,812	1,935

10. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Current year PRC Enterprise Income Tax ("EIT")	3,863	8,366	10,932	4,418	9,652
Under provision in respect of prior years EIT	-	-	90	90	90
Deferred tax (Note 19)	(586)	(569)	(1,713)	(861)	48
Income tax expense	3,277	7,797	9,309	3,647	9,790

PRC Enterprise Income Tax

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

The Company has been recognised as the High New Tech Enterprises throughout the Track Record Period. According to the EIT Law for High New Tech Enterprises, the Company, as a High Tech Enterprise, is subject to a reduced Enterprise Income Tax rate of 15% during the Track Record Period.

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

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Profit before tax	27,818	59,896	58,657	23,841	52,587
Tax at the domestic income tax rate of 25%	6,955	14,974	14,664	5,960	13,147
Tax effect of expenses not deductible for tax purpose	295	355	74	18	24
Tax benefit for qualifying research and development expenses (Note)	(1,876)	(3,228)	(2,572)	(1,301)	(1,032)
Under provision in respect of prior years	-	-	90	90	90
Income tax at concessionary rate	(2,097)	(4,304)	(2,947)	(1,120)	(2,439)
Income tax expense	3,277	7,797	9,309	3,647	9,790

Note: In accordance with the relevant laws and regulations issued by the State Administration of Taxation of the PRC ("SAT"), with effect from 1 January 2021, manufacturing enterprises engage in research and development activities were entitled to an additional deduction of 100% of the research and development expenses incurred as deductible expenses during the year/period when determining their taxable profits ("weighted deduction"). Accordingly, the Group adopted the weighted deduction rate of 200% from 1 January 2022 to 31 May 2025. In determining the taxable profits for the year/period, the Group has made the best estimate of the entitled weighted deduction.

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Profit for the year/period after charging the following items:					
Auditor's remuneration	1,283	2,161	3,206	489	719
Listing expenses	-	-	10,308	-	3,094
Directors' and supervisors' remuneration	1,967	2,090	1,664	469	483
Other staff cost:					
Salaries and other allowances	29,349	31,745	30,273	13,100	12,608
Retirement benefits scheme contributions	2,418	2,517	3,251	1,284	1,440
Total staff costs	31,767	34,262	33,524	14,384	14,048
Less: capitalised in inventories	(17,712)	(18,622)	(15,462)	(7,037)	(6,371)
	14,055	15,640	18,062	7,347	7,677
Cost of inventories recognised as an expense	235,794	310,519	312,412	132,517	152,773
Including: (reversal of write-down) write-down of inventories	(293)	1,406	921	545	222
Depreciation of property, plant and equipment	3,526	3,699	3,296	1,488	1,222
Depreciation of right-of use assets	3,748	3,143	2,723	1,095	1,431
Amortisation of intangible assets	95	105	126	44	92
Total depreciation and amortisation	7,369	6,947	6,145	2,627	2,745
Less: capitalised in inventories	(2,826)	(2,994)	(2,551)	(1,065)	(1,063)
	4,543	3,953	3,594	1,562	1,682

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows:

	Salaries and other allowances RMB'000	Discretionary bonus RMB'000 (Note)	Contributions to retirement benefit plan RMB'000	Total RMB'000
Year ended 31 December 2022				
Executive directors:				
Mr. Li Yongzhong	117	156	18	291
Mr. Hu Shaohua	120	150	18	288
Mr. Li Yangjin	120	148	18	286
Non-executive director:				
Mr. Li Shuo	120	88	18	226
Independent Non-executive directors:				
Mr. Li Qi	50	-	-	50
Mr. Sun Hongwei	50	-	-	50
Mr. Lin Yong	50	-	-	50
Supervisors:				
Ms. Qin Yan	300	15	18	333
Mr. Zou Jianping	169	10	13	192
Mr. Li Fachun	176	7	18	201
	1,272	574	121	1,967

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS - continued

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows: - continued

	Salaries and other allowances RMB'000	Discretionary bonus RMB'000 (Note)	Contributions to retirement benefit plan RMB'000	Total RMB'000
Year ended 31 December 2023				
Executive directors:				
Mr. Li Yongzhong	121	195	18	334
Mr. Hu Shaohua	124	188	18	330
Mr. Li Yangjin	124	185	18	327
Non-executive directors:				
Mr. Li Shuo (resigned on 14 July 2023)	121	110	18	249
Mr. Huang Liangdi (appointed on 14 July 2023)	-	-	-	-
Independent Non-executive directors:				
Mr. Li Qi	50	-	-	50
Mr. Sun Hongwei (resigned on 14 July 2023)	35	-	-	35
Mr. Lin Yong	50	-	-	50
Ms. Guo Xiaohong (appointed on 14 July 2023)	50	-	-	50
Supervisors:				
Ms. Qin Yan	318	15	18	351
Mr. Zou Jianping	176	10	13	199
Mr. Li Fachun (resigned on 14 July 2023)	104	-	11	115
Ms. Yao Xiangping (appointed on 14 July 2023)	-	-	-	-
	1,273	703	114	2,090

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS - continued

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows: - continued

	Salaries and other allowances RMB'000	**Discretionary bonus** RMB'000 (Note)	**Contributions to retirement benefit plan** RMB'000	**Total** RMB'000
Year ended 31 December 2024				
Executive directors:				
Mr. Li Yongzhong	186	137	17	340
Mr. Hu Shaohua	176	132	17	325
Mr. Li Yangjin	174	130	17	321
Non-executive director:				
Mr. Huang Liangdi	-	-	-	-
Independent Non-executive directors:				
Mr. Li Qi	50	-	-	50
Mr. Lin Yong	50	-	-	50
Ms. Guo Xuaohong	50	-	-	50
Supervisors:				
Ms. Qin Yan	306	11	17	334
Mr. Zou Jianping	178	2	14	194
Ms. Yao Xiangping	-	-	-	-
	1,170	412	82	1,664
Five months ended 31 May 2024 (unaudited)				
Executive directors:				
Mr. Li Yongzhong	81	-	7	88
Mr. Hu Shaohua	75	-	7	82
Mr. Li Yangjin	74	-	7	81
Non-executive director:				
Mr. Huang Liangdi	-	-	-	-
Independent Non-executive directors:				
Mr. Li Qi	-	-	-	-
Mr. Lin Yong	-	-	-	-
Ms. Guo Xuaohong	-	-	-	-
Supervisors:				
Ms. Qin Yan	129	-	7	136
Mr. Zou Jianping	77	-	5	82
Ms. Yao Xiangping	-	-	-	-
	436	-	33	469

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS - continued

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows: - continued

	Salaries and other allowances RMB'000	Discretionary bonus RMB'000 (Note)	Contributions to retirement benefit plan RMB'000	Total RMB'000
Five months ended 31 May 2025				
Executive directors:				
Mr. Li Yongzhong	81	-	7	88
Mr. Hu Shaohua	77	-	8	85
Mr. Li Yangjin	77	-	8	85
Non-executive director:				
Mr. Huang Liangdi	-	-	-	-
Independent Non-executive directors:				
Mr. Li Qi	-	-	-	-
Mr. Lin Yong	-	-	-	-
Ms. Guo Xuaohong	-	-	-	-
Supervisors:				
Ms. Qin Yan	133	-	8	141
Mr. Zou Jianping	78	-	6	84
Ms. Yao Xiangping	-	-	-	-
	446	-	37	483

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors', independent non-executive directors' and supervisors' emoluments shown above were for their services as directors/supervisors of the Company.

Note: The discretionary bonus is determined by the directors of the Company based on the performance of the directors of the Company and the Group.

During the Track Record Period, none of the directors or supervisors of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EMPLOYEES' EMOLUMENTS

There are 3, 3, 2, 1 and 1 directors/supervisors among the five highest paid employees of the Group during each of the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025.

Details of the remuneration for the remaining non-director/supervisor highest paid employees for each of the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Salaries, allowances, benefits in kind and performance related bonuses (Note)	1,415	1,581	1,699	676	681
Contribution to retirement benefits	86	85	82	27	35
	1,501	1,666	1,781	703	716

Note: The performance related bonuses are determined by the directors of the Company based on the performance of the Company and the Group.

All of the five highest paid employees of the Company who are not the directors of the Company whose remuneration fell within HK$0 to HK$1,000,000 during the Track Record Period.

14. DIVIDENDS

During the year ended 31 December 2022, the Company declared a cash dividend of RMB6 (including tax) is distributed to all shareholders for every 10 shares. A total of RMB24,348,000 cash dividends have been declared, and it was paid in January 2023.

During the year ended 31 December 2023, the Company declared a cash dividend of RMB5 (including tax) is distributed to all shareholders for every 10 shares. A total of RMB24,113,000 cash dividends have been declared, and it was paid in November 2023.

During the year ended 31 December 2024, the Company declared a cash dividend of RMB4.20 (including tax) is distributed to all shareholders for every 10 shares. A total of RMB20,256,000 cash dividends have been declared, and it was paid in August 2024.

No dividends have been paid or declared by the Company during the five months ended 31 May 2024 and 2025.

15. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period attributable to owners of the Company for basic earnings per share	24,541	52,099	49,348	20,194	42,797

Number of shares

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000 (unaudited)	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	40,580	44,403	48,225	48,225	48,225

During the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025, the Group had no potential ordinary shares. Accordingly, no diluted earnings per share is presented.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machineries RMB'000	Motor vehicles RMB'000	Furniture and electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2022	23,007	90	1,418	3,407	-	27,922
Additions	1,110	-	98	374	147	1,729
Disposals	(6)	-	(11)	-	-	(17)
At 31 December 2022	24,111	90	1,505	3,781	147	29,634
Additions	821	-	485	610	32,487	34,403
Disposals	(167)	-	(32)	-	-	(199)
At 31 December 2023	24,765	90	1,958	4,391	32,634	63,838
Additions	459	526	242	360	33,636	35,223
Disposals	(6)	-	(6)	-	-	(12)
At 31 December 2024	25,218	616	2,194	4,751	66,270	99,049
Additions	117	-	59	-	14,509	14,685
Disposals	(6)	-	(75)	-	-	(81)
At 31 May 2025	25,329	616	2,178	4,751	80,779	113,653
DEPRECIATION						
At 1 January 2022	8,625	40	845	1,192	-	10,702
Provided for the year	2,198	17	238	1,073	-	3,526
Eliminated on disposals	(4)	-	(8)	-	-	(12)
At 31 December 2022	10,819	57	1,075	2,265	-	14,216
Provided for the year	2,283	17	285	1,114	-	3,699
Eliminated on disposals	(128)	-	(25)	-	-	(153)
At 31 December 2023	12,974	74	1,335	3,379	-	17,762
Provided for the year	2,361	39	271	625	-	3,296
Eliminated on disposals	(4)	-	(5)	-	-	(9)
At 31 December 2024	15,331	113	1,601	4,004	-	21,049
Provided for the period	992	52	108	70	-	1,222
Eliminated on disposals	(4)	-	(70)	-	-	(74)
At 31 May 2025	16,319	165	1,639	4,074	-	22,197
CARRYING VALUES						
At 31 December 2022	13,292	33	430	1,516	147	15,418
At 31 December 2023	11,791	16	623	1,012	32,634	46,076
At 31 December 2024	9,887	503	593	747	66,270	78,000
At 31 May 2025	9,010	451	539	677	80,779	91,456

16. PROPERTY, PLANT AND EQUIPMENT - continued

The Company

	Machineries RMB'000	Motor vehicles RMB'000	Furniture and electronic equipment RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST					
At 1 January 2022	15,971	-	994	2,386	19,351
Additions	759	-	98	374	1,231
Disposals	(6)	-	-	-	(6)
At 31 December 2022	16,724	-	1,092	2,760	20,576
Additions	820	-	483	610	1,913
Disposals	(167)	-	(32)	-	(199)
At 31 December 2023	17,377	-	1,543	3,370	22,290
Additions	459	526	242	360	1,587
Disposals	(6)	-	(6)	-	(12)
At 31 December 2024	17,830	526	1,779	3,730	23,865
Additions	117	-	59	-	176
Disposals	(6)	-	(75)	-	(81)
At 31 May 2025	17,941	526	1,763	3,730	23,960
DEPRECIATION					
At 1 January 2022	6,488	-	637	585	7,710
Provided for the year	1,518	-	148	868	2,534
Eliminated on disposals	(4)	-	-	-	(4)
At 31 December 2022	8,002	-	785	1,453	10,240
Provided for the year	1,580	-	217	909	2,706
Eliminated on disposals	(128)	-	(25)	-	(153)
At 31 December 2023	9,454	-	977	2,362	12,793
Provided for the year	1,662	28	238	619	2,547
Eliminated on disposals	(4)	-	(5)	-	(9)
At 31 December 2024	11,112	28	1,210	2,981	15,331
Provided for the period	699	52	101	70	922
Eliminated on disposals	(4)	-	(70)	-	(74)
At 31 May 2025	11,807	80	1,241	3,051	16,179
CARRYING VALUES					
At 31 December 2022	8,722	-	307	1,307	10,336
At 31 December 2023	7,923	-	566	1,008	9,497
At 31 December 2024	6,718	498	569	749	8,534
At 31 May 2025	6,134	446	522	679	7,781

The Group's property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

16. PROPERTY, PLANT AND EQUIPMENT - continued

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

Machineries	3-10 years
Motor vehicles	5 years
Furniture and electronic equipment	3-5 years
Leasehold improvement	Over the shorter of the lease term, or 10% to 20%

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Buildings	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2022			
Carrying amount	3,128	6,017	9,145
At 31 December 2023			
Carrying amount	3,063	4,126	7,189
At 31 December 2024			
Carrying amount	2,998	4,879	7,877
At 31 May 2025			
Carrying amount	2,970	5,323	8,293
Year ended 31 December 2022			
Depreciation charge	67	3,681	3,748
Year ended 31 December 2023			
Depreciation charge	65	3,078	3,143
Year ended 31 December 2024			
Depreciation charge	65	2,658	2,723
Five months ended 31 May 2025			
Depreciation charge	28	1,403	1,431

17. RIGHT-OF-USE ASSETS - continued

The Company

	Buildings RMB'000
At 31 December 2022	
Carrying amount	6,017
At 31 December 2023	
Carrying amount	4,126
At 31 December 2024	
Carrying amount	4,879
At 31 May 2025	
Carrying amount	5,323
Year ended 31 December 2022	
Depreciation charge	3,681
Year ended 31 December 2023	
Depreciation charge	3,078
Year ended 31 December 2024	
Depreciation charge	2,658
Five months ended 31 May 2025	
Depreciation charge	1,403

	The Group			
	Year ended 31 December			**Five months ended 31 May**
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Expenses relating to short-term leases	-	-	653	18
Total cash outflows for leases	3,992	3,282	3,390	1,514
Addition to right-of-use assets	-	3,171	3,992	1,847

The Group leases various offices, staff quarters and warehouses for its operations. Lease terms are negotiated by the Group on an individual basis and contain a wide range of different terms and conditions. The terms are fixed with various period, from 24 months to 60 months. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group occasionally entered into short-term leases for certain offices, staff quarters and warehouses. As at 31 December 2022, 2023 and 2024 and 31 May 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has obtained the land use right certificates for all leasehold lands.

18. INTANGIBLE ASSETS

The Group and the Company

	Software RMB'000	Licenses RMB'000	Total RMB'000
COST			
At 1 January 2022 and 31 December 2022	860	111	971
Additions	124	-	124
At 31 December 2023	984	111	1,095
Additions	482	29	511
At 31 December 2024	1,466	140	1,606
Additions	1,298	17	1,315
At 31 May 2025	2,764	157	2,921
AMORTISATION			
At 1 January 2022	361	97	458
Charge for the year	89	6	95
At 31 December 2022	450	103	553
Charge for the year	100	5	105
At 31 December 2023	550	108	658
Charge for the year	121	5	126
At 31 December 2024	671	113	784
Charge for the period	90	2	92
At 31 May 2025	761	115	876
CARRYING VALUES			
At 31 December 2022	410	8	418
At 31 December 2023	434	3	437
At 31 December 2024	795	27	822
At 31 May 2025	2,003	42	2,045

The Group's intangible assets having finite useful lives are amortised on a straight-line basis over five to ten years.

19. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Group and the Company and movements therein during the Track Record Period:

The Group

	Impairment losses under ECL RMB'000	Write-down of inventories RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Fair value change in gold loans RMB'000	Fair value change in financial assets at FVTPL RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	308	1,117	1,561	(1,486)	-	-	70	1,570
Credited (charged) to profit or loss	452	(44)	(596)	583	215	-	(24)	586
At 31 December 2022	760	1,073	965	(903)	215	-	46	2,156
(Charged) credited to profit or loss	(196)	216	(317)	284	268	360	(46)	569
At 31 December 2023	564	1,289	648	(619)	483	360	-	2,725
Credited (charged) to profit or loss	343	139	120	(113)	1,224	-	-	1,713
At 31 December 2024	907	1,428	768	(732)	1,707	360	-	4,438
Credited (charged) to profit or loss	567	38	68	(67)	(654)	-	-	(48)
At 31 May 2025	1,474	1,466	836	(799)	1,053	360	-	4,390

The Company

	Impairment losses under ECL RMB'000	Write-down of inventories RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Fair value change in gold loans RMB'000	Fair value change in financial assets at FVTPL RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	297	1,118	1,561	(1,486)	-	-	-	1,490
Credited (charged) to profit or loss	1	(44)	(594)	583	215	-		161
At 31 December 2022	298	1,074	967	(903)	215	-	-	1,651
Credited (charged) to profit or loss	170	203	(319)	284	268	360	-	966
At 31 December 2023	468	1,277	648	(619)	483	360	-	2,617
Credited (charged) to profit or loss	164	139	120	(113)	1,224	-	-	1,534
At 31 December 2024	632	1,416	768	(732)	1,707	360	-	4,151
Credited (charged) to profit or loss	427	27	68	(67)	(654)	-	-	(199)
At 31 May 2025	1,059	1,443	836	(799)	1,053	360	-	3,952

20. INVENTORIES

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	77,737	70,339	66,621	69,777	77,282	69,818	66,388	63,104
Work in progress	278,233	406,270	423,447	428,402	247,682	344,432	374,838	353,240
Finished goods	157,109	156,005	166,075	162,164	157,109	156,005	164,861	160,601
	513,079	632,614	656,143	660,343	482,073	570,255	606,087	576,945

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method.

21. TRADE RECEIVABLES

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	62,400	45,409	69,518	123,796	26,094	38,818	49,508	92,731
Less: Allowance for credit losses	(3,407)	(2,797)	(4,291)	(7,225)	(1,591)	(2,467)	(3,290)	(5,672)
	58,993	42,612	65,227	116,571	24,503	36,351	46,218	87,059

As at 1 January 2022, trade receivables from contracts with customers net of allowance for credit losses of the Group and the Company amounted to RMB27,754,000 and RMB27,141,000 respectively.

The Group and the Company grants credit period ranging from 0 day to 90 days to its trade customers.

Aging of trade receivables net of allowance for credit losses is, prepared based on the date of transfer of goods, which approximated the respective revenue recognition dates, as follows:

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days	45,311	38,462	62,422	97,255	19,825	33,497	43,772	71,429
91-180 days	11,403	1,794	640	17,055	2,399	783	281	13,369
181-365 days	1,133	1,352	967	379	1,133	1,068	967	379
Over 365 days	1,146	1,004	1,198	1,882	1,146	1,003	1,198	1,882
	58,993	42,612	65,227	116,571	24,503	36,351	46,218	87,059

As at 31 December 2022, 2023 and 2024 and 31 May 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB13,682,000, RMB4,150,000, RMB2,805,000 and RMB19,316,000 which are past due at the end of each reporting period. Out of the past due balances, RMB2,279,000, RMB2,357,000, RMB2,165,000 and RMB2,261,000 has been past due 90 days or more and is not considered as in default.

Details of impairment assessment of trade receivables are set out in Note 33.

22. PREPAYMENTS AND OTHER RECEIVABLES

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	1,938	1,716	8,034	2,233	1,545	1,662	2,251	2,185
Other tax receivables	1,123	3,396	231	3,434	345	512	231	188
Advances to employees	217	209	196	300	162	177	175	270
Interest receivable	-	236	506	-	-	236	506	-
Deposits	1,651	2,402	2,601	2,759	1,572	2,222	2,422	2,580
Prepaid issue cost/listing expenses	-	-	3,235	4,110	-	-	3,235	4,110
Others	134	84	147	53	109	69	143	33
	5,063	8,043	14,950	12,889	3,733	4,878	8,963	9,366
Less: Allowance for credit losses	(419)	(635)	(952)	(1,430)	(397)	(594)	(873)	(1,339)
	4,644	7,408	13,998	11,459	3,336	4,284	8,090	8,027
Analysed as:								
Current	3,780	6,406	7,373	10,567	2,472	3,282	7,177	7,135
Non-current	864	1,002	6,625	892	864	1,002	913	892
	4,644	7,408	13,998	11,459	3,336	4,284	8,090	8,027

Details of impairment assessment of other receivables are set out in Note 33.

23. FINANCIAL ASSETS AT FVTPL

	The Group and the Company			
	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL:				
Investment in a film project for promoting the Company's brand(Note)	4,500	2,097	2,097	2,097

Note: It represents the Group's investment in a film project for promoting the Company's brand which entitles the Group to receive a variable income based on the Group's investment amount and expected rate of return of the project. Such investment is not solely payments of principal and interest, it is carried at FVTPL.

24. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES

(a) Amounts due from related parties

	The Group and the Company			
	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Li Shuo	33	-	-	-
Ms. Chen Yingying	7	7	7	7
View Bright Management Co., Ltd. 滙輝管理有限公司("View Bright Management")	30	-	-	-
	70	7	7	7

The amounts were non-trade nature, interest-free and repayable on demand. All the amounts due from related parties are expected to be settled before the Listing.

(b) Amounts due from (to) subsidiaries

The amounts are non-trade nature, interest-free and repayable on demand.

The relationship between these related parties with the Group has been set out in Note 35(a).

25. PLEDGED/RESTRICTED BANK DEPOSITS/BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.25% to 0.25%, 0.20% to 1.25%, 0.1% to 0.1% and 0.05% to 0.1% as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

Pledged/restricted bank deposits

As at 31 December 2022, 2023 and 2024 and 31 May 2025, pledged/restricted bank deposits represented the deposits which were restricted as guaranteed deposits held in separate reserve account that was pledged to the bank as security deposits for gold trading/gold loans.

As at 31 December 2022, cash at banks with amounts of RMB10,000 were restricted as guaranteed deposits held in separate reserve account that was pledged to the bank as security deposits for gold trading.

As at 31 December 2023, cash at banks with amounts of RMB10,000 were restricted as guaranteed deposits held in separate reserve account that was pledged to the bank as security deposits for gold trading. Cash at banks with amounts of RMB840,000 were pledged to bank as security deposits for gold loans.

25. PLEDGED/RESTRICTED BANK DEPOSITS/BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS - continued

Pledged/restricted bank deposits - continued

As at 31 December 2024, cash at banks with amounts of RMB10,000 were restricted as guaranteed deposits held in separate reserve account that was pledged to the bank as security deposits for gold trading. Cash at banks with amounts of RMB5,330,000 were pledged to bank as security deposits for gold loans.

As at 31 May 2025, cash at banks with amounts of RMB10,000 were restricted as guaranteed deposits held in separate reserve account that was pledged to the bank as security deposits for gold trading. Cash at banks with amounts of RMB1,280,000 were pledged to bank as security deposits for gold loans.

Bank deposits with original maturity over three months

As at 31 December 2023 and 2024, bank deposits with original maturity over three months were pledged to the bank as security for gold loans and they carried interest at prevailing bank deposits rate at 2.7% per annum.

Details of impairment assessment of bank balances, pledged/restricted bank deposits and bank deposits with original maturity over three months are set out in Note 33.

26. TRADE AND OTHER PAYABLES

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables from								
- third parties	16,034	16,879	17,794	17,155	16,029	16,700	17,783	17,134
- subsidiaries	-	-	-	-	7,629	-	-	-
	16,034	16,879	17,794	17,155	23,658	16,700	17,783	17,134
Accrued employees' benefits	3,865	3,855	3,682	2,620	3,427	3,408	3,434	2,410
Other tax payables	11,564	8,603	15,784	24,303	8,290	8,603	14,990	23,360
Deposits	2,013	1,350	1,040	1,440	2,013	1,350	1,040	1,440
Accrued issued cost/listing expenses	-	-	6,374	3,244	-	-	6,374	3,244
Other accrued expenses	407	903	523	268	353	807	476	230
Dividend payable	24,348	-	-	-	24,348	-	-	-
Payables for purchase of property, plant and equipment	680	456	1,216	1,697	437	456	106	-
Others	343	829	832	1,121	331	160	8	311
	59,254	32,875	47,245	51,848	62,857	31,484	44,211	48,129

26. TRADE AND OTHER PAYABLES - continued

The following is the aging analysis of trade payables based on invoice date at the end of each reporting period.

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days	10,924	15,107	11,805	10,651	18,548	14,928	11,794	10,630
91-180 days	3,782	635	3,842	3,352	3,782	635	3,842	3,352
181-365 days	137	37	880	1,678	137	37	880	1,678
Over 365 days	1,191	1,100	1,267	1,474	1,191	1,100	1,267	1,474
	16,034	16,879	17,794	17,155	23,658	16,700	17,783	17,134

The average credit period on purchases of goods is 90 days.

27. BANK BORROWINGS

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Variable-rate bank loans	60,790	67,000	88,690	95,900	52,290	58,500	53,000	52,400
Interest payables	82	82	104	391	72	73	63	60
	60,872	67,082	88,794	96,291	52,362	58,573	53,063	52,460

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

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The carrying amounts of the borrowings are repayable:								
Within one year	60,872	67,082	61,604	62,541	52,362	58,573	53,063	52,460
Within a period of more than one year but not exceeding two years	-	-	2,500	2,500	-	-	-	-
Within a period of more than two years but not exceeding five years	-	-	7,500	7,500	-	-	-	-
Within a period of more than five years	-	-	17,190	23,750	-	-	-	-
	60,872	67,082	88,794	96,291	52,362	58,573	53,063	52,460
Less: Amounts due within one year shown under current liabilities	(60,872)	(67,082)	(61,604)	(62,541)	(52,362)	(58,573)	(53,063)	(52,460)
Amounts shown under non-current liabilities	-	-	27,190	33,750	-	-	-	-

27. BANK BORROWINGS - continued

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's and Company's bank loans is as follows:

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022	2023	2024	2025	2022	2023	2024	2025
Weighted average effective interest rate	3.67%	3.99%	3.89%	4.01%	3.63%	4.02%	3.96%	3.77%

The Group's and the Company's bank borrowings included:

	The Group				The Company			
	At 31 December			At 31 May	At 31 December			At 31 May
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Guaranteed by Mr. Li Yongzhong and his spouse, Mr. Li Shuo, Mr. Hu Shaohua, Mr. Li Linmao, View Bright Management and Shenzhen Xipu Diamond Tools Co., Ltd 深圳市西普金鋼石工具有限公司 ("Xipu Diamond") and secured by the equity interest of View Bright Management and certain properties held by View Bright Management and Mr. Li Shuo	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Guaranteed by Mr. Li Yongzhong, Mr. Li Shuo, Mr. Hu Shaohua, Mr. Li Linmao and Xipu Diamond and secured by leasehold lands and construction in progress held by Fujian Xipu Precision Technology Co., Ltd. ("Fujian Xipu")	-	-	27,190	35,000	-	-	-	-
Guaranteed by:								
- Mr. Li Yongzhong and his spouse, Mr. Hu Shaohua, Mr. Li Linmao and Mr. Li Shuo	7,840	8,000	10,000	9,400	7,840	8,000	10,000	9,400
- Mr. Li Yongzhong and his spouse and Xipu Diamond	7,450	7,500	-	-	7,450	7,500	-	-
- Mr. Li Yongzhong	-	6,000	6,000	-	-	6,000	6,000	-
- Xipu Diamond	8,500	8,500	-	-	-	-	-	-
- the Company	-	-	8,500	8,500	-	-	-	-
- Mr. Li Yongzhong and his spouse, Mr. Hu Shaohua, Mr. Li Linmao, Mr. Li Shuo, and Fujian Xipu	-	-	-	6,000	-	-	-	6,000
	60,790	67,000	88,690	95,900	52,290	58,500	53,000	52,400

The above guarantors are the related parties of the Group, the relationship between these related parties with the Group has been set out in Note 35(a).

As represented by the Directors, the guarantees and pledges granted by related parties will be released on or prior to the listing.

28. LEASE LIABILITIES

	The Group and the Company			
	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within 1 year	3,152	2,292	2,771	3,422
Within a period of more than one year but not exceeding two years	2,583	742	1,873	1,494
Within a period of more than two years but not exceeding five years	699	1,284	472	658
	6,434	4,318	5,116	5,574
Less: Amount due for settlement within12 months under current liabilities	(3,152)	(2,292)	(2,771)	(3,422)
Amount due for settlement after 12 months shown under non-current liabilities	3,282	2,026	2,345	2,152

The weighted average incremental borrowing rate of the Group's and the Company's lease liabilities is 4.81% as at 31 December 2022 and 2023, 4.35% as at 31 December 2024 and 4.29% as at 31 May 2025.

Lease liabilities of RMB6,434,000, RMB4,318,000, RMB5,116,000 and RMB5,574,000 are recognised with related right-of-use assets of RMB6,017,000, RMB4,126,000, RMB4,879,000 and RMB5,322,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

29. CONTRACT LIABILITIES

	The Group and the Company			
	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Manufacture and sales of watches and accessories	1,565	552	455	828

As at 1 January 2022, the Group's and the Company's contract liabilities amounted to RMB299,000 and RMB299,000 respectively.

All contract liabilities are expected to be settled within the Group's normal operating cycle, and are classified as current based on the Group's earliest obligation to transfer goods or services to the customers.

29. CONTRACT LIABILITIES - continued

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	The Group and the Company			
	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year/period	299	1,565	552	455

30. GOLD LOANS

	The Group and the Company			
	At 31 December			At 31 May
	2022	**2023**	**2024**	**2025**
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities at FVTPL:				
Gold loans	28,324	38,847	51,643	38,440

Liabilities at FVTPL as at 31 December 2022, 2023 and 2024 and 31 May 2025 represented the Group's and the Company's gold loans arrangement. The Group and the Company borrowed golds from bank for a specified period of time and paid interest at a fixed rate to bank for the duration of the contract based on the value of gold at inception and relevant interests at inception. At maturity, the Group was obliged to deliver gold of the same type, quantity and quality to bank. The Group and the Company did not have an option to settle its obligations in cash. Gold loans represented the obligation to deliver gold were classified as liabilities at FVTPL.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, the gold loans were guaranteed by Mr. Li Yongzhong and his spouse; Mr. Hu Shaohua; Mr. Li Shuo and his spouse; and Mr. Li Linmao and his spouse, and secured by certain properties held by Mr. Li Shuo and certain inventories of the Group. As at 31 December 2023 and 2024 and 31 May 2025, the gold loans were secured by certain pledged bank deposits and bank deposits with original maturity over three months as disclosed in Note 25. As represented by the Directors, the guarantees and pledges provided by the related parties will be released on or prior to the listing.

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

The Group is principally engaged in the sales of watches and accessories in the PRC. The gold market is influenced by global as well as regional supply and demand conditions. A significant decline in prices of gold could adversely affect the Group's financial performance. In order to reduce the commodity price risk, the Group uses gold loans to reduce its exposure to fluctuations in the gold price on gold products. If the gold price go up, the Group would recognise a loss representing the increase in gold price compared to the contract price, and largely net against the increase in turnover of gold products as a result of gold price increase.

30. GOLD LOANS - continued

The gold loans are settled at maturity which usually mature within 12 months from date of inception and the fair value changes are immediately recognised in the consolidated statements of profit or loss and other comprehensive income. The gold price exposures are monitored by management on a timely manner. As at 31 December 2022, 2023 and 2024 and 31 May 2025, if the market price of gold had increased/decreased by 5%, post-tax profit for the Track Record Period, due to changes in fair values of gold loans, would have been approximately RMB1,204,000, RMB1,651,000, RMB2,195,000 and RMB1,634,000 lower/higher respectively.

During the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2025, the Group borrowed golds of RMB26,888,000, RMB35,622,000, RMB40,259,000 and RMB31,418,000, respectively from bank being inventories of the Group and returned golds of RMB Nil, RMB26,888,000, RMB35,622,000 and RMB40,259,000, respectively to bank which constituted non-cash transactions of the Group.

31. SHARE CAPITAL AND RESERVES OF THE COMPANY

(a) Share Capital of the Group and the Company

	Number of domestic shares	Share capital RMB'000
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2022 and 31 December 2022	40,580,000	40,580
Issue of shares	7,645,000	7,645
At 31 December 2023 and 2024 and 31 May 2025	48,225,000	48,225

During the year ended 31 December 2023, the Company issued 7,645,000 domestic shares to an independent party at a net consideration of RMB121,151,000 and rank pari passu with other shares in issue in all aspects.

31. SHARE CAPITAL AND RESERVES OF THE COMPANY - continued

(b) Reserves of the Company

Below table sets out the details of the reserves of the Company:

	Share premium RMB'000	Safety production fund reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	117,069	-	20,290	282,268	419,627
Profit and total comprehensive income for the year	-	-	-	24,450	24,450
Transfer to safety production fund, net	-	280	-	(280)	-
Dividends declared	-	-	-	(24,348)	(24,348)
At 31 December 2022	117,069	280	20,290	282,090	419,729
Profit and total comprehensive income for the year	-	-	-	47,752	47,752
Transfer to safety production fund, net	-	1,552	-	(1,552)	-
Placement of shares	113,506	-	-	-	113,506
Dividends declared	-	-	-	(24,113)	(24,113)
Appropriation	-	-	4,801	(4,801)	-
At 31 December 2023	230,575	1,832	25,091	299,376	556,874
Profit and total comprehensive income for the year	-	-	-	35,368	35,368
Transfer to safety production fund, net	-	1,961	-	(1,961)	-
Dividends declared	-	–	-	(20,256)	(20,256)
At 31 December 2024	230,575	3,793	25,091	312,527	571,986
Profit and total comprehensive income for the period	-	-	-	25,637	25,637
Transfer to safety production fund, net	-	943	-	(943)	-
At 31 May 2025	230,575	4,736	25,091	337,221	597,623
At 1 January 2024	230,575	1,832	25,091	299,376	556,874
Profit and total comprehensive income for the period (unaudited)	-	-	-	15,850	15,850
Transfer to safety production fund, net (unaudited)	-	817	-	(817)	-
At 31 May 2024 (unaudited)	230,575	2,649	25,091	314,409	572,724

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes bank borrowings as disclosed in Note 27, net of cash and cash equivalents and total equity of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through raising of new capital, issue of new debts or the redemption of the existing debts.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost	92,262	77,282	96,859	125,161
Financial assets at FVTPL	4,500	2,097	2,097	2,097
	96,762	79,379	98,956	127,258
Financial liabilities				
Financial liabilities at amortised cost	104,290	86,596	116,050	120,913
Lease liabilities	6,434	4,318	5,116	5,574

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost	55,687	114,236	106,095	140,598
Financial assets at FVTPL	4,500	2,097	2,097	2,097
	60,187	116,333	108,192	142,695
Financial liabilities				
Financial liabilities at amortised cost	133,296	131,691	135,153	124,917
Lease liabilities	6,434	4,318	5,116	5,574

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, pledged/restricted bank deposits, bank deposit with original maturity over three months, bank balances, trade and other payables, bank borrowings and amounts due from related parties and lease liabilities. The Company's major financial instruments include those aforementioned as well as amounts due from/to subsidiaries. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures the risk during the reporting period.

(i) Currency risk

The Group's businesses are principally conducted in RMB and substantially all of the Group's monetary assets and liabilities are denominated in RMB. The only scenario in which the Group uses foreign currency is to sales finished good of watches and accessories to Hong Kong using Hong Kong Dollars, but the related sales are less than 2% of the total sales for each reporting period and the impact of exchange rate fluctuations is insignificant. There are no or immaterial foreign currency bank balances or transaction balances at the end of each reporting periods. The management considers the Group's exposure to foreign currency risk is not significant.

The Company has no significant foreign currency risk as the operation of the Company is denominated in RMB, which is also the functional currency of the Company.

(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to bank deposit with original maturity over three months (Note 25), pledged/restricted bank deposits (Note 25), and lease liabilities (Note 28).

The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 25) and variable-rate bank borrowings (Note 27). The Group and the Company cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Loan Prime Rate of China arising from the Group's and the Company's bank borrowings. The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Market risk - continued

(ii) Interest rate risk - continued

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances and bank deposits are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2025 would decrease/increase by RMB252,000, RMB280,000, RMB349,000 and RMB189,000 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

(iii) Other price risk

The Group is exposed to price risk in respect of its financial products issued by banks classified as financial assets at FVTPL. The management of the Group considers the fluctuation in fair value changes on financial products are insignificant, taking into account their short-term duration.

Credit risk and impairment assessment

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company is due to failure to discharge an obligation by the counterparties. The Group's and the Company's credit risk is mainly associated with bank balances, pledged/restricted bank deposits, bank deposits with original maturity over three months, trade and other receivables and amounts due from related parties.

Trade receivables arising from contracts with customers

The Group and the Company mainly conducted transactions with customers with good quality and long term relationship. When accepting new customers, the Group and the Company consider the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group and the Company continuously monitor the credit quality and financial condition of the debtors to ensure that follow-up action is taken to recover overdue debts.

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables arising from contracts with customers - continued

To manage risk arising from trade receivables, the Group and the Company have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group and the Company reassess lifetime ECL for trade receivables arising from contracts with customers to ensure that adequate ECL is made for significant increase in the likelihood or risk of a default occurring. The ECL on these assets are individually assessed for debtors with credit-impaired and collectively assessed based on internal credit ratings for the remaining balance. As part of the Group's and the Company's credit risk management, the Group and the Company uses internal credit ratings to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by management to ensure relevant information about specific debtors is updated.

Other receivables and amounts due from subsidiaries/related parties

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables and amount due from subsidiaries/related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group and the Company provided impairment based on 12m ECL. Details of the quantitative disclosures are set out below in this note.

Bank balances, pledged/restricted bank deposits and bank deposit with original maturity over three months

The Group and the Company transact with banks with high credit ratings. The Group and the Company assessed 12m ECL for pledged bank deposits/restricted bank deposits, bank balances and bank deposit with original maturity over three months by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The credit risk for bank balances, pledged/restricted bank deposits and bank deposit with original maturity over three months as at 31 December 2022, 2023 and 2024 and 31 May 2025 was considered as insignificant as such amounts were placed in reputable banks.

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

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

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group/the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

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

The Group

					At 31 December			At 31 May
	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	2022 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000	2024 Gross carrying amount RMB'000	2025 Gross carrying amount RMB'000
Financial assets at amortised cost								
Bank balances, pledged/restricted bank deposits and bank deposit with original maturity over three months	25	AA and AA+	N/A	12m ECL	31,833	32,576	29,323	7,201
Trade receivables - contracts with customers	21	N/A	Low risk/ Watch list	Lifetime (collective assessment)	62,218	45,156	69,161	123,424
			Loss	Lifetime (individual assessment, credit-impaired)	182	253	357	372
					62,400	45,409	69,518	123,796
Other receivables	22	N/A	Low risk/ Watch list	12m ECL	1,785	2,722	3,254	2,812
Amounts due from related parties	24(a)	N/A	Low risk	12m ECL	70	70	70	70

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

The Company

	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	At 31 December 2022 Gross carrying amount RMB'000	At 31 December 2023 Gross carrying amount RMB'000	At 31 December 2024 Gross carrying amount RMB'000	At 31 May 2025 Gross carrying amount RMB'000
Financial assets at amortised cost								
Bank balances, pledged/restricted bank deposits and bank deposit with original maturity over three months	25	AA and AA+	N/A	12m ECL	28,089	28,340	28,539	6,987
Trade receivables - contracts with customers	21	N/A	Low risk/ Watch list/ Doubtful	Lifetime (collective assessment)	25,912	38,565	49,151	92,359
			Loss	Lifetime (individual assessment, credit-impaired)	182	253	357	372
					26,094	38,818	49,508	92,731
Other receivables	22	N/A	Low risk/ Watch list/ Doubtful	12m ECL	1,681	2,527	3,071	2,613
Amounts due from subsidiaries	24(b)	N/A	Low risk	12m ECL	1,741	47,605	29,133	45,271
Amounts due from related parties	24(a)	N/A	Low risk	12m ECL	70	70	70	70

Notes:

(a) For the trade receivables, the Group/the Company applied the simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. Except for credit-impaired debtors, the Group/the Company determines the expected credit losses on these items by using internal credit rating, grouped by nature and credit risk in the classes of low risk, watch list or doubtful.

(b) For pledged/restricted bank deposits, bank balances and bank deposit with original maturity over three months, other receivables and deposits, the Group/the Company has applied the 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group/the Company recognises lifetime ECL.

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

As part of the Group's and the Company's credit risk management, the Group and the Company apply internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amounts as at 31 December 2022, 2023 and 2024 and 31 May 2025 of RMB182,000, RMB253,000, RMB357,000 and RMB372,000 of the Group and RMB182,000, RMB253,000, RMB357,000 and RMB372,000 of the Company were assessed individually, respectively.

The Group

	At 31 December						At 31 May	
	2022		2023		2024		2025	
Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000
Low risk	0.87%	12,731	1.18%	8,392	2.08%	18,031	2.09%	23,921
Watch list	6.71%	49,487	6.81%	36,764	6.82%	51,130	6.78%	99,503
	5.52%	62,218	5.76%	45,156	5.58%	69,161	5.87%	123,424

The Company

	At 31 December						At 31 May	
	2022		2023		2024		2025	
Internal credit rating	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000
Low risk	0.80%	12,087	1.13%	4,699	0.86%	1,868	0.39%	2,027
Watch list	7.32%	13,825	6.84%	33,866	6.84%	47,283	6.80%	90,332
	4.28%	25,912	6.14%	38,565	6.61%	49,151	6.66%	92,359

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

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

The following tables show the movement in lifetime ECL that has been recognised for trade receivables.

The Group

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	1,597	24	1,621
Net impairment losses recognised	1,775	11	1,786
At 31 December 2022	3,372	35	3,407
Net impairment losses (reversed) recognised	(669)	59	(610)
At 31 December 2023	2,703	94	2,797
Net impairment losses recognised	1,391	103	1,494
At 31 December 2024	4,094	197	4,291
Net impairment losses recognised	2,885	49	2,934
At 31 May 2025	6,979	246	7,225

The Company

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	1,564	24	1,588
Net impairment losses (reversed) recognised	(8)	11	3
At 31 December 2022	1,556	35	1,591
Net impairment losses recognised	817	59	876
At 31 December 2023	2,373	94	2,467
Net impairment losses recognised	720	103	823
At 31 December 2024	3,093	197	3,290
Net impairment losses recognised	2,333	49	2,382
At 31 May 2025	5,426	246	5,672

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

The Group and the Company make full impairment for trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following tables show reconciliation of loss allowances that has been recognised for other receivables and amounts due from related parties.

The Group

	12m ECL RMB'000
At 1 January 2022	402
Net impairment losses recognised	17
At 31 December 2022	419
Net impairment losses recognised	279
At 31 December 2023	698
Net impairment losses recognised	317
At 31 December 2024	1,015
Net impairment losses recognised	478
At 31 May 2025	1,493

The Company

	12m ECL RMB'000
At 1 January 2022	392
Net impairment losses recognised	5
At 31 December 2022	397
Net impairment losses recognised	260
At 31 December 2023	657
Net impairment losses recognised	279
At 31 December 2024	936
Net impairment losses recognised	466
At 31 May 2025	1,402

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the utilisation of bank borrowings and renews bank borrowings, if necessary.

The tables below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including both interest and principal.

The Group

	Weighted average interest rate %	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total Carrying amount RMB'000
As at 31 December 2022							
Trade and other payables	N/A	43,418	-	-	-	43,418	43,418
Bank borrowings							
- variable rate	3.67	61,704	-	-	-	61,704	60,872
		105,122	-	-	-	105,122	104,290
Lease liabilities	4.81	3,942	3,001	736	-	7,679	6,434
As at 31 December 2023							
Trade and other payables	N/A	19,514	-	-	-	19,514	19,514
Bank borrowings							
- variable rate	3.99	67,818	-	-	-	67,818	67,082
		87,332	-	-	-	87,332	86,596
Lease liabilities	4.81	2,435	862	1,307	-	4,604	4,318
As at 31 December 2024							
Trade and other payables	N/A	27,256	-	-	-	27,256	27,256
Bank borrowings							
- variable rate	3.89	63,906	3,528	9,968	19,407	96,809	88,794
		91,162	3,528	9,968	9,968 19,407	124,065	116,050
Lease liabilities	4.35	2,940	1,955	478	-	5,373	5,116
As at 31 May 2025							
Trade and other payables	N/A	24,622	-	-	-	24,622	24,622
Bank borrowings							
- variable rate	4.01	64,102	3,887	11,024	28,778	107,791	96,291
		88,724	3,887	11,024	28,778	132,413	120,913
Lease liabilities	4.29	3,593	1,550	659	-	5,802	5,574

33. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Liquidity risk - continued

The tables below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including both interest and principal. - continued

The Company

	Weighted average interest rate %	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total Carrying amount RMB'000
As at 31 December 2022							
Trade and other payables	N/A	50,787	-	-	-	50,787	50,787
Amounts due to a subsidiary	N/A	30,147	-	-	-	30,147	30,147
Bank borrowings							
- variable rate	3.63	52,867	-	-	-	52,867	52,362
		133,801				133,801	133,296
Lease liabilities	4.81	3,942	3,001	736	-	7,679	6,434
As at 31 December 2023							
Trade and other payables	N/A	18,666	-	-	-	18,666	18,666
Amounts due to a subsidiary	N/A	54,452	-	-	-	54,452	54,452
Bank borrowings							
- variable rate	4.02	58,739	-	-	-	58,739	58,573
		131,857	-	-	-	131,857	131,691
Lease liabilities	4.81	2,435	862	1,307	-	4,604	4,318
As at 31 December 2024							
Trade and other payables	N/A	25,311	-	-	-	25,311	25,311
Amounts due to a subsidiary	N/A	56,779	-	-	-	56,779	56,779
Bank borrowings							
- variable rate	3.96	54,044	-	-	-	54,044	53,063
		136,134	-	-	-	136,134	135,153
Lease liabilities	4.35	2,940	1,955	478	-	5,373	5,116
As at 31 May 2025							
Trade and other payables	N/A	22,094	-	-	-	22,094	22,094
Amounts due to a subsidiary	N/A	50,363	-	-	-	50,363	50,363
Bank borrowings							
- variable rate	3.77	52,816	-	-	-	52,816	52,460
		125,273	-	-	-	125,273	124,917
Lease liabilities	4.29	3,593	1,550	659	-	5,802	5,574

33. FINANCIAL INSTRUMENTS - continued

Fair value estimation

The table below analyses the Group's financial instruments carried at fair value on a recurring basis by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Where level 1 inputs are not available, the Group and the Company engage third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed below.

33. FINANCIAL INSTRUMENTS - continued

Fair value estimation - continued

*(i) **Fair value of financial instruments that are measured at fair value on a recurring basis***

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	The Group Fair value as at 31 December 2022 RMB'000	The Group 31 December 2023 RMB'000	The Group 31 December 2024 RMB'000	The Group 31 May 2025 RMB'000	The Company Fair value as at 31 December 2022 RMB'000	The Company 31 December 2023 RMB'000	The Company 31 December 2024 RMB'000	The Company 31 May 2025 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Investment in a film project for promoting the Company's brand	4,500	2,097	2,097	2,097	4,500	2,097	2,097	2,097	Level 3	Income approach - The discounted cash flow method was used to estimate the fair value of the film investment	Expected rate of return of -8%, -53%, -53% and -53% as at 31 December 2022, 2023 and 2024 and 31 May 2025 respectively.	The higher the expected rate of return, the higher the fair value. (Note)

Note: A 5% increase/decrease in the expected rate of return from -8% to -7.72%/-8.53%, -53% to -50.73%/-56.08%, -53% to -50.73%/-56.08% and -50.73%/-56.08% holding all other variables constant would increase/decrease the carrying amount of the investment in a film project for promoting the Company's brand by RMB20,000/RMB20,000, RMB110,000/RMB110,000, RMB110,000/RMB110,000 and RMB110,000/RMB110,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

33. FINANCIAL INSTRUMENTS - continued

Fair value estimation - continued

(ii) Reconciliation of Level 3 fair value measurement

The following table presents the changes in level 3 instrument during the Track Record Period:

	Film investment
	RMB'000
At 1 January 2022	4,500
Fair value changes	(2,403)
At 31 December 2023 and 2024 and 31 May 2025	2,097

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The Directors consider that the carrying amounts of the Group's and Company's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period.

34. CAPITAL COMMITMENTS

At the end of each reporting period, the Group had the following capital commitments that are contracted but not provided for:

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Property, plant and equipment	-	39,539	52,056	41,949

The Company had no capital commitments at the end of each reporting period.

35. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

35. RELATED PARTY TRANSACTIONS- continued

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at 31 December 2022, 2023 and 2024 and 31 May 2025 respectively:

(a) Related parties of the Company and the Group

Name of related parties	Relationship
View Bright Management	A company controlled by a shareholders' spouse
Xipu Diamond	A company controlled by Mr. Li Yongzhong
Mr. Li Yongzhong	Executive director of the Company and one of the Controlling Shareholders of the Company
Mr. Hu Shaohua	Executive director of the Company and one of the Controlling Shareholders of the Company
Mr. Li Linmao	One of the Controlling Shareholders of the Company
Mr. Li Shuo	One of the Controlling Shareholders of the Company
Ms. Chen Yingying	Spouse of Mr. Li Shuo

(b) Balances with related parties

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Lease liabilities (Note)					
View Bright Management	384	384	384	160	160
Mr. Li Shuo	398	478	478	199	199
	782	862	862	359	359

Note: During the Track Record Period, the Group entered into several lease agreements for the use of office and warehouse purposes with related parties. The corresponding lease liabilities are non-trade nature and settled over the lease period and will not be fully settled prior to the Listing.

Save as disclosed above, certain bank borrowings and gold loans were guaranteed by related parties and secured by certain properties held by the related parties as at 31 December 2022, 2023 and 2024 and 31 May 2025. Details are set out in Notes 27 and 30.

(c) Compensation of key management personnel

The Group's remuneration of directors and supervisors during the year was as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other employee benefits	1,967	2,090	1,664	251	258

The remuneration of directors and supervisors is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a related party	Dividends payable (included in other payables)	Lease liabilities	Bank loans (included in bank borrowings)	Interest payable (included in bank borrowings)	Accrued issue cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	65	-	10,474	53,840	78	-	64,457
Financing cash flows	(65)	-	(3,992)	6,950	(2,824)	-	69
Non-cash changes							
Dividends declared	-	24,348	-	-	-	-	24,348
Lease modification	-	-	(410)	-	-	-	(410)
Interest expenses	-	-	362	-	2,828	-	3,190
As at 31 December 2022	-	24,348	6,434	60,790	82	-	91,654
Financing cash flows	-	(48,461)	(3,282)	6,210	(2,639)	-	(48,172)
Non-cash changes							
Dividends declared	-	24,113	-	-	-	-	24,113
New leases entered	-	-	3,171	-	-	-	3,171
Lease modification	-	-	(2,280)	-	-	-	(2,280)
Interest expenses	-	-	275	-	2,639	-	2,914
As at 31 December 2023	-	-	4,318	67,000	82	-	71,400
Financing cash flows	-	(20,256)	(2,737)	21,690	(2,692)	(1,704)	(5,699)
Non-cash changes							
Dividends declared	-	20,256	-	-	-	-	20,256
New leases entered	-	-	3,992	-	-	-	3,992
Lease modification	-	-	(643)	-	-	-	(643)
Interest expenses (before capitalisation)	-	-	186	-	2,714	-	2,900
Prepaid/accrued issue cost	-	-	-	-	-	3,235	3,235
As at 31 December 2024	-	-	5,116	88,690	104	1,531	95,441
Financing cash flows	-	-	(1,496)	7,210	(1,229)	(1,644)	2,841
Non-cash changes							
New leases entered	-	-	1,847	-	-	-	1,847
Interest expenses (before capitalisation)	-	-	107	-	1,516	-	1,623
Prepaid/accrued issue cost	-	-	-	-	-	875	875
As at 31 May 2025	-	-	5,574	95,900	391	762	102,627
Unaudited							
At 1 January 2024	-	-	4,318	67,000	82	-	71,400
Financing cash flows	-	-	(1,127)	(7,980)	(979)	-	(10,086)
Non-cash changes							
Lease modification	-	-	(643)	-	-	-	(643)
Interest expenses (before capitalisation)	-	-	64	-	1,018	-	1,082
At 31 May 2024	-	-	2,612	59,020	121	-	61,753

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of issuance of the consolidated financial statements, details of the subsidiaries directly and indirectly held by the Company are set out below:

Entity name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Attributable equity interest of the Group				As at the date of issuance Of the consolidated financial statements	Principal activities
				As at 31 December			As at 31 May		
			RMB	2022	2023	2024	2025		
Directly held:									
Fujian Xipu Precision Technology Co., Ltd. 福建西普精密科技有限公司	9 May 2017	PRC, Limited Liability Company	102,000,000	100%	100%	100%	100%	100%	Manufacturing and sales of accessories
Indirectly held:									
Hainan Hipine International Watch Technology Co., Ltd. 海南西普尼國際鐘表科技有限公司	7 November 2023	PRC, Limited Liability Company	18,000,000	NA	100%	100%	100%	100%	Import and export trade services

The English translation of the names of the above companies is for reference only. The official names of these entities are in Chinese.

Notes:

(i) None of the subsidiaries had issued any debt securities as at the end of each reporting period.

(ii) No audited financial statements of the subsidiaries of the Company have been prepared since there are no statutory audit requirements in the jurisdictions or the corresponding statutory audits have not been completed.