LUXXU
GROUP LIMITED

Luxxu Group Limited

勵時集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1327)

2025 Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Liang Yanhuang
Mr. Yang Xi

Independent Non-Executive Directors
Mr. Yu Chon Man
Ms. Duan Baili
Mr. Zhong Weili

COMPANY SECRETARY

Mr. Lai Nga Ming Edmund

COMMITTEES OF THE BOARD

Audit Committee
Mr. Yu Chon Man *(Chairman)*
Ms. Duan Baili
Mr. Zhong Weili

Remuneration Committee
Mr. Yu Chon Man *(Chairman)*
Mr. Yang Xi
Ms. Duan Baili
Mr. Zhong Weili

Nomination Committee
Mr. Yu Chon Man *(Chairman)*
Ms. Duan Baili
Mr. Zhong Weili

AUTHORISED REPRESENTATIVES

Mr. Yang Xi
Mr. Lai Nga Ming Edmund

STOCK CODE

1327

COMPANY WEBSITE

www.luxxu.hk

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPLE PLACE OF BUSINESS IN HONG KONG

Unit 506, 5/F
New World Tower 1
18 Queen's Road Central
Hong Kong

AUDITOR

Jon Gepsom CPA Limited
Room 1003-05, 10/F
Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

China Construction Bank (Asia)
Corporation Limited

FINANCIAL RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	**42,073**	29,357	31,667	64,409	70,657
Cost of sales	**(26,030)**	(16,920)	(26,114)	(59,604)	(62,307)
Gross profit	**16,043**	12,437	5,553	4,805	8,350
Other gains/(losses), net	**–**	–	43	(35)	43
Gains/(losses) fair value of financial assets at fair value through profit or loss	**8,518**	(456)	(5,480)	24	4,427
Provision for allowance on inventories	**(5,124)**	(16,353)	(3,086)	(15,280)	(31,150)
Selling and distribution expenses	**(5,518)**	(6,929)	(5,425)	(8,989)	(14,700)
Administrative expenses	**(19,600)**	(19,920)	(18,606)	(16,366)	(13,918)
Impairment loss on goodwill	**–**	–	–	–	(3,100)
(Loss allowance)/reversal of loss allowance on:					
– trade receivables	**(13,534)**	(18,415)	(10,169)	(10,472)	5,839
– other receivables	**–**	–	–	–	6,789
Share-based payment expenses	**–**	–	–	–	(4,646)
Finance costs	**(2,472)**	(2,328)	(2,366)	(1,934)	(1,793)
Loss before tax	**(21,687)**	(51,964)	(39,536)	(48,247)	(43,859)
Taxation	**–**	–	–	–	–
Loss for the year attributable to owners of the Company	**(21,687)**	(51,964)	(39,536)	(48,247)	(43,859)

ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	**51,873**	73,751	113,629	155,179	191,349
Total liabilities	**(27,562)**	(39,855)	(31,438)	(36,804)	(36,975)
Total equity	**24,311**	33,896	82,191	118,375	154,374

DIRECTOR'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Luxxu Group Limited (the "Company"), I am delighted to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 ("FY 2025").

BUSINESS REVIEW, OUTLOOK AND FUTURE PROSPECTS

In 2025, the Group continued to focus on its business operations which (i) cooperate with different industry experts to design and sales of prestige and high-end watches and accessories, including but not limited to diamond tourbillon watches and luxury jewellery watches; (ii) design, production and assembly of watches for our OEM customers; (iii) manufacture and sales of our own brands watches; and (iv) organisation of exhibitions.

The market environment showed significant improvement throughout 2025. According to the National Bureau of Statistics, China's GDP reached Renminbi ("RMB")140.19 trillion in 2025, achieving year-on-year growth of 5.0% and successfully meeting the government's target. More notably for our industry, retail sales of gold, silver and jewellery in China surged by 12.8% in 2025, significantly outperforming the overall retail market growth of 3.7%. This robust performance in the jewellery category reflects resilient consumer demand for high-end products despite broader economic headwinds. According to Bain & Company's 2025 China Personal Luxury Report, the Chinese Mainland personal luxury market contracted by only 3% to 5% in 2025, a substantial moderation from the sharper decline experienced in 2024, with clear signs of recovery emerging in the second half of the year. The fourth quarter of 2025 even recorded positive growth of 1% to 3%, supported by a strong stock market performance that boosted consumer sentiment among affluent segments.

Going forward, the Group aimed to offer premium quality products to customers and will continue to strengthen our core competitiveness by improving our watch and jewellery design and development capabilities by upholding the design and artistic knowledge of the design team and recruitment of additional talents. In view of the economy condition in Hong Kong and the People's Republic of China (the "PRC"), the Group expects 2026 will still be a challenging year. The Group will closely monitor the market response and remix the business and product portfolio to suit the market needs, including but not limited to design, manufacture and sales of prestige and high-end watches and jewelleries and stay competitive.

In view of (i) the sustained purchasing power of Chinese women as a core driver of the consumption market; (ii) the fundamental shift in female consumption patterns from "pleasing others" to "self-love economics"; and (iii) the rising demand for emotional connection and experiential value in purchasing decisions, the Group believes there remains a strong long-term force behind the consumption of prestige and high-end watches and luxury jewellery and accessories. Female consumers today increasingly prioritise "heart-price ratio" over traditional cost-performance considerations, seeking products that deliver emotional satisfaction, aesthetic enjoyment and personal meaning. Many women also continue to invest in their professional growth and self-development, creating sustained demand for refined, workplace-appropriate accessories that reflect their personal achievements and aspirations. To capture this evolving demand, the Group will allocate more resources and effort to strengthen our in-house design team, nurturing authentic design capabilities that resonate with the modern woman's pursuit of self-expression, emotional connection and personal success. By focusing on designs that speak to the "self-love" mindset and the professional identity of our core customers, we aim to offer fashionable and emotionally resonant watches and jewellery that empower women to celebrate who they are and how far they have come.

Looking beyond the near-term uncertainties, the Group remains committed to seeking and seizing new opportunities, and is well-prepared to shine in the future.

APPRECIATION

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to our customers for their continued trust and support, to our suppliers for their strong partnership and collaboration, to the Company's shareholders for their steadfast confidence, to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts and commitment throughout the year.

Liang Yanhuang
Executive Director

Hong Kong, 30 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately RMB12.7 million or approximately 43.2% from approximately RMB29.4 million for the year ended 31 December 2024 to approximately RMB42.1 million for the year ended 31 December 2025. The increase in revenue was mainly attributable to the net effect of (i) increase of sales demand watches due to the overall market condition; and (ii) the decrease in exhibition income.

Cost of sales

Our cost of sales increased by approximately RMB9.1 million or approximately 53.8% from approximately RMB16.9 million for the year ended 31 December 2024 to approximately RMB26.0 million for the year ended 31 December 2025. The increase was in line with the increase in revenue.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB3.6 million or approximately 29.0% from approximately RMB12.4 million for the year ended 31 December 2024 to approximately RMB16.0 million for the year ended 31 December 2025 which was in line with the increase in the sales of branded watches and jewellery accessories for the year ended 31 December 2025. Our overall gross profit margin decreased from approximately 42.4% for the year ended 31 December 2024 to approximately 38.1% for the year ended 31 December 2025. The decrease was mainly attributable to the decrease in exhibition income, which has a higher profit margin, during the year ended 31 December 2025.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately RMB1.4 million or approximately 20.3% from approximately RMB6.9 million for the year ended 31 December 2024 to approximately RMB5.5 million for the year ended 31 December 2025. The decrease was mainly attributable to decrease in marketing activities due to the decrease in exhibition held.

Administrative expenses

Our administrative expenses slightly decreased by approximately RMB0.3 million or approximately 1.5% from approximately RMB19.9 million for the year ended 31 December 2024 to approximately RMB19.6 million for the year ended 31 December 2025.

Loss before tax

As a result of the foregoing, our loss before tax decreased by approximately RMB30.3 million to approximately RMB21.7 million for the year ended 31 December 2025 from approximately RMB52.0 million for the year ended 31 December 2024.

Income tax

No income tax expense for the years ended 31 December 2025 and 2024.

Loss for the year

As a result of the foregoing, we recorded a loss for the year of approximately RMB21.7 million for the year ended 31 December 2025 (2024: RMB52.0 million).

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities.

As at 31 December 2025, the Group's total cash and bank balances were approximately RMB4.2 million (2024: RMB1.0 million), most of which are held in Hong Kong dollars ("HK$"). The current ratio (defined as current assets divided by current liabilities) of the Group increased from 5.7 times as at 31 December 2024 to 7.3 times as at 31 December 2025. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group decreased from 86.2% as at 31 December 2024 to approximately 82.0% as at 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS IN LISTED SECURITIES

Name of investee	As at 31 December 2025 RMB'000	Percentage to the Group's audited total assets as at 31 December 2025 %	Number of shares held by the Group as at 31 December 2025	Percentage of shareholding held by the Group as at 31 December 2025 %
Significant investments				
BFB Health Limited ("BFB") (stock code: 205.HK) (note 1)	10,479	20.2	17,430,000	1.4
AMCO United Holding Limited ("AMCO") (stock code: 630.HK) (note 2)	6,705	12.9	29,890,000	3.1
Capital VC Limited ("CAPITAL") (stock code: 2324.HK) (note 3)	2,655	5.1	19,340,000	4.3
Total	19,839	38.2		

Note 1:

BFB and its subsidiaries are principally engaged in the provision of advertising agency services and distribution of books and magazines in the PRC and the securities broking business, money lending business and provision of e-commerce platform services and sales of high-tech products in Hong Kong. Based on BFB's interim report for the six months ended 30 June 2025, revenue and loss for the period of BFB and it subsidiaries were approximately HK$15,744,000 and HK$376,000 respectively. As at 31 December 2025, the Group owned 17,430,000 shares of BFB, representing 1.4% equity interest in BFB with a carrying amount of the Group's interest in BFB of approximately RMB10.5 million, representing approximately 20.2% of the total assets of the Group as at 31 December 2025. Up to 31 December 2025, no dividend was received from BFB. The fair value of BFB is based on quoted market prices.

Note 2:

AMCO and its subsidiaries are principally engaged in (i) manufacture and sale of medical devices products; (ii) manufacture and sale of plastic moulding products; (iii) provision of money lending; and (iv) investment in securities. Based on AMCO's interim report for the six months ended 30 June 2025, revenue and profit for the period of AMCO and its subsidiaries were approximately HK$27,144,000 and HK$1,148,000 respectively. As at 31 December 2025, the Group owned 29,890,000 shares of AMCO, representing 3.1% equity interest in AMCO with a carrying amount of the Group's interest in AMCO of approximately RMB6.7 million, representing approximately 12.9% of the total assets of the Group as at 31 December 2025. Up to 31 December 2025, no dividend was received from AMCO. The fair value of AMCO is based on quoted market prices.

Note 3:

CAPITAL and its subsidiaries are principally engaged in engaged in investing in listed and unlisted companies mainly in Hong Kong and the PRC. Based on CAPITAL's annual report for the year ended 30 September 2025, revenue and profit for the year of CAPITAL and its subsidiaries were approximately HK$125,276,000 and HK$131,089,000 respectively. As at 31 December 2025, the Group owned 19,340,000 shares of CAPITAL, representing 4.3% equity interest in CAPITAL with a carrying amount of the Group's interest in CAPITAL of approximately RMB2.7 million, representing approximately 5.1% of the total assets of the Group as at 31 December 2025. Up to 31 December 2025, no dividend was received from CAPITAL. The fair value of CAPITAL is based on quoted market prices.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Except the significant investments disclosed above, at 31 December 2025, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group.

INVESTMENT POLICY

The Company has adopted an internal investment policy (the "Investment Policy") which sets out, among other things, the objectives, guidelines, management and responsibilities of investment activities conducted by the Group. Set out below are details of the infrastructure of the Group's investments.

Investment objectives

The investment objectives of the Group are to enhance the efficiency in the utilisation of idle funds and generate stable return to the Group within an acceptable risk level with a view to broaden its revenue streams and to provide necessary financial support for the development of the Group's long-term investment projects, which in turn enhance value for its shareholders.

Investment strategy

The Company will allocate corporate resources efficiently by maintaining an appropriate investment scale and optimising the structure and diversification of its investment portfolio. At the same time, the Company prioritises thorough investment risk assessment and control, adhering to the principle of economic benefits as the foremost consideration in all investment decisions.

Investment scope

The Company's investment activities encompass both long-term and short-term investments, depending on its strategic needs and the prevailing market conditions. Long-term investments focus on growth and strategy, while short-term investments prioritise liquidity, operational support and capital stability.

Permissible and prohibited investments

Under the Investment Policy, the Company may invest in a range of assets including shares, bonds, investment funds, insurance products and bank deposits. The Company is prohibited from using excessive leverage, investing in unlisted securities, or engaging in speculative derivative trading.

Defined risk limits and counterparty risk

While there is no general threshold or restriction in relation to the risk limits or counterparty risk of its investments, the Group is required to adhere to its investment strategy to maintain its investments within an acceptable risk level. In particular, the Company is required to evaluate the counterparty risks of each investment taking into consideration, inter alias, credit ratings of the investment (if any), size and reputation of the issuer, and whether or not the counterparty is a licensed corporation in Hong Kong or overseas.

Liquidity management

It is the top priority of the Company to ensure that it has sufficient cash and bank deposits to meet its working capital requirement. While there is no specific threshold set under the Investment Policy, the Company seeks to maintain a balanced liquidity profile within its cash, bank deposits and investments. In addition, the use of borrowed funds or those required for ongoing operations for investment purposes is prohibited. All of the existing investments of the Group were or will be funded by internal resources of the Group.

Investment decisions

Investment decisions of the Company are made through a multi-layered governance structure. An investment management team (the "Investment Management Team"), comprising two executive Directors (namely Mr. Liang Yanhuang and Mr. Yang Xi), assisted by the Group financial manager, is responsible for identifying suitable investment opportunities available on the market and the execution of the investments. Pursuant to the Investment Policy, the Investment Management Team may approve investments (or a series of investments) with an amount below 5% of the market capitalisation and/or total assets of the Group from time to time. Any proposed investment exceeding such threshold must be reviewed and approved by the Board.

Ongoing risk management and control measures

The Group maintains comprehensive internal control and risk management processes, including regular performance reviews, stringent approval workflows and periodic monitoring of all investment projects. The Investment Management Team is responsible for ongoing monitoring of the investments made by the Group, the preparation of half-yearly reports in relation to the performance of the investments and regular re-evaluations of counterparties and/or investment targets. The Investment Management Team is also responsible for ensuring that records of all investment proposals, documentation and accounting records are properly kept. The Investment Management Team should promptly report to the Board in the event of any material adverse changes in the Group's investments, which are determined on a case-by-case basis depending on the nature and size of the specific investment. Generally, the Investment Management Team is required to report to the Board if, among other things, (i) the investment has recorded ongoing and irrecoverable losses; or (ii) there is any material change in the circumstances or terms of the investment so that it no longer conforms with the Company's investment strategy (for example, increase in risk level due to macroeconomics changes).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 51 (2024: 56) employees. The total remuneration costs incurred by the Group for the year ended 31 December 2025 were approximately RMB5.0 million (2024: RMB5.6 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

DEBTS AND CHARGE ON ASSETS

As at 31 December 2025, none of the assets of the Group has been pledged to secure any banking facilities granted to the Group (2024: Nil).

FOREIGN CURRENCY RISK

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars ("US$"). During the years ended 31 December 2025 and 2024, the Group has not entered into any hedging arrangements. However, the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2025 and 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2025 and 2024.

FINAL DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

AUDIT COMMITTEE

The audit committee (the "Audit Committee") consists of three members, all being independent non-executive Directors, namely, Mr. Yu Chon Man (Chairman), Ms. Duan Baili and Mr. Zhong Weili. The duties of the Audit Committee include, without limitation, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of the Group's consolidated financial statements, annual report and accounts and half-year report, and reviewing significant accounting judgements and estimates contained therein; (c) reviewing the Group's financial control, internal control and risk management systems; and (d) reviewing reports made by the corporate guarantee committee, a committee closely monitoring the Group's activities for the provision of corporate guarantee and to enforce the prohibition on provision of corporate guarantee to any party other than member of the Group. The Group's annual report, together with the Group's consolidated financial statements, for the year ended 31 December 2025 has been reviewed by the Audit Committee.

EVENT AFTER THE END OF THE REPORTING PERIOD

The Group did not have any event after the end of the reporting period.

REPORT OF THE DIRECTORS

The Directors present herewith this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the manufacture, trading and retail business of branded watches and jewelleries, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, OEM watches and third-party watches and assisting customers to hold exhibition. Details of the principal activities of the subsidiaries are set out in Note 31 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2025.

The Group's revenue for the year is principally attributable to manufacturing, trading and retailing of branded watches and jewelleries accessories and exhibition services. An analysis of the revenue from the principal activities during the year is set out in the section headed "Management Discussion and Analysis" in the annual report and Note 8 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 36 of this annual report.

BUSINESS REVIEW

During the year ended 31 December 2025, the Group's loss for the year was amounted to approximately RMB21.7 million, comparing to the loss of approximately RMB52.0 million for the year ended 31 December 2024. Information relating to the Group's business is set out in the section headed "Director's Statement" and "Management Discussion and Analysis" of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The Group's business operations are affected by changes in market conditions, the changing industry standards, industry competition and the ever-changing customer demands. It is essential that the Group responds in a timely manner to such changes which may adversely affect the Group's business and financial results. The Group also faces other financial risks in the ordinary course of business, such as liquidity risk, credit risk, interest rate risk, currency risk and price risk. Details of financial risk management are set out in Note 6 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2025 are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 39 of this annual report and in Note 27 to the consolidated financial statements, respectively. The Company's reserves available for distribution to Shareholders are set out in Note 27 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the Directors' best knowledge as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since the date of listing of the Company's shares on 30 January 2015 (the "Listing Date") and up to the date of this report.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the law in the Cayman Islands.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Company's shareholders by reason of their holdings in the Company's shares.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue of the Group attributable to the largest customer and the five largest customers in aggregate are 14% and 55% respectively. The percentage of purchases of the Group attributable to the largest supplier and the five largest suppliers in aggregate are 16% and 56% respectively. None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had an interest in the five major customers or suppliers of the Group.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors

Mr. Liang Yanhuang
Mr. Yang Xi

Independent Non-Executive Directors

Mr. Yu Chon Man
Ms. Duan Baili
Mr. Zhong Weili

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company are set out on page 20 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors, including those proposed for re-election at the forthcoming annual general meeting, has a service agreement which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER EMOLUMENTS

The emoluments of the Directors are determined by the Board, with reference to the individual performance, the prevailing market conditions and the Group's operating results.

Details of Directors' emoluments on a named basis are set out in Note 12 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") adopted on 19 December 2014. The Share Option Scheme will remain in force for a period of 10 years since the date of adoption, which already expired in December 2024. During the year ended 31 December 2025, no share options has been granted under the Share Option Scheme (2024: Nil).

Details of the movements in the number of share options under the Share Options Scheme during the year were as follows:

	Date of grant	Exercise price	Exercisable period	Vesting period	Outstanding at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding at 31 December 2025
					'000	'000	'000	'000	'000	'000
Employees	11 April 2019	HK$1.99	11 April 2019 to 10 April 2029	Nil	29,376	–	–	–	(23,311)	6,065
Total					29,376	–	–	–	(23,311)	6,065

Except as disclosed above, at no time during the year was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code since the Listing Date and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as known to the Directors, at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

As at 31 December 2025, none of the Directors or chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company or any of its subsidiaries or fellow subsidiaries did not have any arrangement in place at any time during the year whereby the Directors or their respective spouse or minor children can obtain benefit by acquiring the Shares of the Company or other body corporate.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Company's Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their respective offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

Permitted indemnity provision to all Directors is in force at the time when the Directors approved the report of the Directors.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or, in any contract of significance to the business of the Group to which the Company, its subsidiaries or fellow subsidiaries was a party at any time during the year ended 31 December 2025.

COMPETING INTEREST

None of the Directors had an interest in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group throughout the year ended 31 December 2025.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors, namely Mr. Yu Chon Man, Ms Duan Baili and Mr. Zhong Weili has confirmed to the Company their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2025.

ENVIRONMENTAL POLICIES

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group is committed to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

We strive to minimise our environmental impact by energy saving, recycling of used papers, office supplies and other materials.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group endeavors to monitor and minimize impact to the environment. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix C2 of the Listing Rules. For further details, please refer to the Company's Environmental, Social and Governance Report published on the same date as this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2025, as far as the Company is aware, there was no material breach of or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the business and operations of the Group.

RELATIONS WITH KEY STAKEHOLDERS

The Board recognises that our employees are one of the greatest assets contributing to the Group's future success. The Group strives to motivate its employees with competitive remuneration package and opportunities for advancement and improvement of their skills to attract and retain our employees. The Board reviews the remuneration package of our employees annually and makes necessary adjustments to conform to the prevailing market practices. The Group also adopted share options scheme to reward the contribution of the employees as an incentive.

The Board also strives to develop long-standing and good relationships with our customers and suppliers in order to achieve the Group's long-term goals.

During the year ended 31 December 2025, there was no significant dispute between the Group and our business partners.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 was audited by Jon Gepsom CPA Limited whose term of office will be expired upon the forthcoming annual general meeting. An ordinary resolution for the re-appointment of Jon Gepsom CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Liang Yanhuang
Executive Director

Hong Kong, 30 March 2026

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Liang Yanhuang（梁艷煌先生）, aged 50, is an executive Director. He has over 20 years of work experience in marketing industry. He has extensive experience in formulation and execution of sales and marketing strategy and corporate management and has extensive business networks in different industries. Mr. Liang is responsible for business developments and general administrative matters.

Mr. Yang Xi（楊淅先生）, aged 37, is an executive Director. He has years of experience in sales and marketing and obtained a Master degree in Computer Engineering from Guizhou University（貴州大學）in 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Chon Man（余俊敏先生）, aged 49, is an independent non-executive Director, who was appointed in December 2014, and responsible for overseeing the management of our Group independently. Mr. Yu has over 20 years of experience in the accounting and finance industry. He has been working as the Finance Director and Company Secretary of Solomon Systech (International) Limited, a company listed on the Stock Exchange (stock code: 2878), which is specialised in design, development and sales of integrated circuits ("IC") products since July 2022, before that, he was the Chief Financial Officer and Company Secretary of China Shuifa Singyes Energy Holdings Limited, a company listed on the Stock Exchange (stock code: 750), which is specialised in manufacture and sale of renewable energy products, for approximately 14 years. He was an independent non-executive Director of China Ocean Group Development Limited (stock code: 8047), a company listed on the Stock Exchange specialised in supply chain management, from June 2014 to July 2014. He has been an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238), a magazine publishing group from January 2015 to May 2016. Mr. Yu received a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 2001. He has been a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants since December 2004 and July 2005, respectively.

Ms. Duan Baili（段白麗女士）, aged 37, is an independent non-executive Director. She has over 8 years experience in marketing and manufacturing in precision component industry. She currently serves as an assistant of general manager of a manufacturing company in the PRC. She is familiar with the operations of the manufacture and marketing of precision components and has thorough knowledge of precision components and the precision component industry.

Mr. Zhong Weili（鍾維立先生）, aged 54, is an independent non-executive Director. He has over 20 years experiences of administration and management in asset appraisal industry, of which 4 years working in state owned assets management bureau of Meizhou city of Guangdong Province. He is currently an office director of an asset appraisal company in the PRC, which engaged in corporate valuation and assets valuation (including but not limited to property, machinery and intangible assets).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that it has been adopted and complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report in Appendix C1 of the Listing Rules throughout the year ended 31 December 2025.

THE BOARD

The Board is responsible for managing the Company on behalf of shareholders. The Board is of the view that it is the Directors' responsibilities to create value for shareholders and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith. The management is delegated by the Board to execute these business strategies and directions and is responsible for the daily operations of the Group.

The Board comprises 5 Directors, including 2 executive Directors, and 3 independent non-executive Directors, in compliance with the requirement of Listing Rules which states that every board of Directors of an issuer must include at least 3 independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Under code provision C5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year ended 31 December 2025, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision C5.3 of the CG Code in future.

There is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board.

The primary functions of the Board include:

- deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;
- overseeing the corporate governance functions of the Company and being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;
- being ultimately responsible for preparing financial accounts and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to interim and annual reports of the Company, other inside information announcements published according to the Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;

- whilst executive Directors/chief executives, who oversee the overall business of the Group, are responsible for the daily operations of the Group, the Board is responsible for affairs involving the overall policies, finance and shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy;
- the management is well informed of its power with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company; and
- regularly reviewing its own functions and the powers conferred upon executive Directors/chief executives to ensure appropriate arrangements are in place.

COMMITMENTS

The full Board should meet at least four times a year, at approximately quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require the resolution of the Board. Simultaneous conference call may be used to improve attendance when individual Director cannot attend the meeting in person. Opinions of independent non-executive Directors are actively sought by the Company if they are unable to attend the meeting in person.

EXPERIENCE

Executive Directors possess administrative leadership, diversified expertise and extensive industrial management experience. Independent non-executive Directors possess extensive expertise, experience and judging capability in various fields, in particular the appropriate accounting qualifications possessed by Mr. Yu Chon Man. During its decision-making process, the Board holds in high regard the views of the independent non-executive Directors, who serve as the effective direction in assisting the Group's operations.

BOARD MEETING

During the year ended 31 December 2025 under review, 5 board meetings were held and the attendance of each Director at the Board meetings was as follows:

	Attendance/ Number of meetings
Executive Directors	
Mr. Liang Yanhuang	5/5
Mr. Yang Xi	5/5
Independent Non-Executive Directors	
Mr. Yu Chon Man	4/5
Ms. Duan Baili	5/5
Mr. Zhong Weili	5/5

CODE FOR DEALING IN SECURITIES OF THE COMPANY

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

APPOINTMENT OF DIRECTORS

During their terms of office, all Directors carried out their work in a dedicated, diligent and proactive manner with reasonable prudence. Meanwhile, they carried out the duties of directors imposed by the relevant company laws of the Cayman Islands and Hong Kong, the articles of association of the Company and the Listing Rules, complied with the relevant requirements, strictly implemented resolutions of general meetings, promoted the continuous and healthy development of the Company's operations, oversaw the corporate governance of the Company, pressed for the improvement of the governance standard of the Company and exerted the decision making function of the Board in its full swing. None of the independent non-executive Directors holds any other offices in the Company or any of its subsidiaries. Within the meaning of the laws and regulations issued by relevant securities regulatory authorities, none of the independent non-executive Directors is interested in any shares of the Company. The Company has received from each of the independent non-executive Directors a written confirmation of his independence under Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Names and biographies of the Directors are set out on page 20 of this annual report.

AUDIT COMMITTEE

The Audit Committee consists of three members, all being independent non-executive Directors, namely, Mr. Yu Chon Man (Chairman), Ms. Duan Baili and Mr. Zhong Weili. The duties of the Audit Committee include, without limitation, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of the Group's consolidated financial statements, annual report and accounts and half-year report, and reviewing significant accounting judgements and estimates contained therein; (c) reviewing the Group's financial control, internal control and risk management systems; and (d) reviewing reports made by the corporate guarantee committee, a committee closely monitoring the Group's activities for the provision of corporate guarantee and to enforce the prohibition on provision of corporate guarantee to any party other than member of the Group. The Group's annual report, together with the Group's consolidated financial statements for the year ended 31 December 2025 has been reviewed by the Audit Committee.

During the year ended 31 December 2025 under review, 3 audit committee meetings were held and the attendance of members at the meetings was as follows:

	Attendance/ Number of meetings
Mr. Yu Chon Man	3/3
Ms. Duan Baili	3/3
Mr. Zhong Weili	3/3

During the committee meetings held during the year ended 31 December 2025, the summary of work of Audit Committee as below:

– Reviewing the financial reports and results announcement for the year ended 31 December 2024 and for the six months ended 30 June 2025

– Reviewing the Group's financial and accounting policies and practices

REMUNERATION COMMITTEE

The Company established a remuneration committee on 19 December 2014 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the CG Code as set out in Appendix C1 of the Listing Rules.

The duties of the remuneration committee, under the principle that no Director should be involved in deciding his own remuneration, include, without limitation, (a) making recommendations to the Board on the Company's policy and structure for the remuneration of all of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) making recommendations to the Board on the remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments, and making recommendations to the Board of the remuneration of the non-executive Directors; and (c) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The remuneration committee consists of Mr. Yu Chon Man, Mr. Yang Xi, Ms. Duan Baili and Mr. Zhong Weili. Mr. Yu Chon Man is the chairman of the remuneration committee.

During the year ended 31 December 2025 under review, 1 remuneration committee meeting was held and the attendance of members at the meetings was as follows:

	Attendance/ Number of meeting
Mr. Yu Chon Man	1/1
Mr. Yang Xi	1/1
Ms. Duan Baili	1/1
Mr. Zhong Weili	1/1

During the committee meetings held during the year ended 31 December 2025, the summary of work of Remuneration Committee as below:

– Reviewing and making recommendations to the Board in respect of the remuneration packages and overall benefits for the Directors and senior management of the Company

– To ensure that none of the Directors or any of their associates should determine their own remuneration

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The main aims of the Company's remuneration policy are:

- to ensure that none of the Directors or any of their associates should determine their own remuneration;
- the remuneration should be broadly aligned with companies with which the Company competes for human resources;
- the Group should aim to attract and retain executives and to motivate them to pursue appropriate growth strategies whilst take into account individual performance and should avoid paying more than necessary for such purpose;
- the remuneration should reflect the performance, complexity of duties and responsibility of the individual; and
- to review the effectiveness of diversity on the Board.

NOMINATION COMMITTEE

The Company established a nomination committee on 19 December 2014 with written terms of reference in compliance with paragraph A5 of the CG Code as set out in Appendix C1 of the Listing Rules.

The duties of the nomination committee include, without limitation, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Group's corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; and (d) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive.

The nomination committee consists of Mr. Yu Chon Man, Ms. Duan Baili and Mr. Zhong Weili. Mr. Yu Chon Man is the chairman of the nomination committee.

During the year ended 31 December 2025 under review, 1 nomination committee meeting was held and the attendance of members at the meetings was as follows:

	Attendance/ Number of meeting
Mr. Yu Chon Man	1/1
Ms. Duan Baili	1/1
Mr. Zhong Weili	1/1

During the committee meetings held in the year ended 31 December 2025, the summary of work of Nomination Committee as below:

– Making recommendations to the Board on the appointment or reappointment of Directors

– Reviewing the structure, size and composition of the Board

CORPORATE GUARANTEE COMMITTEE

The Company established a corporate guarantee committee (the "Corporate Guarantee Committee") in July 2014, the members of which comprise the independent non-executive Director, Mr. Zhong Weili, and the finance manager of our Group to closely monitor the Group's activities for the provision of corporate guarantees and to enforce the prohibition on provision of corporate guarantees to any non-group member. The Corporate Guarantee Committee is to report to the Audit Committee on a half-yearly basis on its work and information relating to the provision of corporate guarantees in such period (if any). The Corporate Guarantee Committee is to review monthly reports from our finance department on the corporate guarantees provided for the preceding month and from the chief executive officer's office on the use of company stamps to the Corporate Guarantee Committee. If it is discovered that a corporate guarantee was provided to a non-group member, the Corporate Guarantee Committee should immediately report the fact to the Board and the Audit Committee and take appropriate remedial actions. Up to the date of this report, no provision of corporate guarantees to any non-group member was noted by the Corporate Guarantee Committee.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is the responsibility of the Directors for the preparation of accounts for each financial period by the management. Subsequent to each reporting period, interim or annual financial highlights and business review are published as soon as possible (or in accordance with the Listing Rules, as the case may be) to disclose all information that are necessary for shareholders to assess the performance, financial conditions and prospects of the Company. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Board has the responsibility to regularly review the internal control and risk management systems of the Company to ensure their effectiveness and efficiency. With the support of the internal audit team, the practices, processes, expenses and internal control of the Group are reviewed on a regularly basis. Matters of importance reported by the internal audit team are monitored regularly by the management to ensure remedial measures are implemented as appropriate. The Board and senior management may also require the internal audit team to conduct auditing procedures on special scopes of importance and report significant findings to the Board and the audit committee.

For the year under review, the remuneration payable for audit and non-audit services provided by the auditor and its affiliate firm is approximately RMB598,000 and RMB13,000 (non-audit service provided by the affiliate firm of the auditor of the Company) respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguarding of the interest of shareholders and the Group's assets. It has been an important duty of the Board to conduct a review of internal control system to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

The Group has engaged an independent internal control review advisor (the "Internal Control Advisor") to conduct the annual review on the effectiveness of the internal control system. Review of the Group's internal controls covered major operational, financial and compliance controls, as well as risk management functions of different systems has been performed on a systematic rotational basis on the risk assessments of the operations and controls. During the risk assessment process, the Internal Control Advisor interviewed the relevant personnel and identified the business objectives and significant risks of the Group. A risk management report prepared by the Internal Control Advisor which sets out the risks, issues and recommended action plan was presented to the Board for review and endorsement. The Board considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on ongoing basis.

For the year ended 31 December 2025, the Board has reviewed the effectiveness of the internal control system and they consider them effective and adequate.

CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted the terms of reference on corporate governance functions. The terms of reference of the Board in respect of corporate governance function are summarised as follows:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Code Provisions and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions since the Listing Date up to the date of this report included developing and reviewing the Company's policies on corporate governance and review the Company's compliance with the Code Provisions.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender appropriate for the requirements of the business development of the Group.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- delivery of the interim and annual results and reports to all shareholders;
- publication of announcements on the interim and annual results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- the general meeting of the Company is also an effective communication channel between the Board and shareholders.

The Board has maintained an on-going dialogue with Shareholders and investors, and will regularly review this policy to ensure its effectiveness. Information will be communicated to Shareholders and investors mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the information submitted by the Company to the website of the Stock Exchange and its corporate communications on the Company's website. Shareholders can direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders and investors may at any time make a request for the Company's information to the extent such information is publicly available.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training for the Directors, including but not limited to:

- Newly-appointed Directors will be briefed by the Company's legal advisor on directors' responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinance, the Listing Rules and the SFO). They will also be provided with a memorandum on directors' duties and obligations which assists them in understanding their responsibilities as directors.
- The Chairman or the President will give a general induction on the Group and the Company will provide relevant information and organise various activities, for example, plant visits, to ensure they properly understand the business and governance policies of the Group.
- To update Directors' understanding of the Group's operations and business and refresh their knowledge and skills as directors, the Company will provide Board materials on relevant regulation updates and on issues of significance or on new opportunities of the Group.

Up to the date of this report, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills during the year.

COMPANY SECRETARY

Mr. Lai Nga Ming Edmund ("Mr. Lai") was the company secretary of the Company. He is responsible to the Board for ensuring the board procedures are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is briefed on relevant legislative, regulatory and corporate governance developments. Mr. Lai has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge during the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionist(s)") shall at all times have the right, by written requisition (the "Requisition") to the Board or the company secretary of the Company, to require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition. The Requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Principal place of business of the Company in Hong Kong

Address: Unit 506, 5/F, New World Tower 1, 18 Queen's Road Central, Hong Kong

Email: team@luxxu.hk

Attention: Board of Directors/Company Secretary

The Requisition must state clearly the name of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, signed by the Requisitionist(s) concerned.

The Company will check the Requisition and the identity and the shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Board will convene the EGM within two months and/or include the proposal or the resolution proposed by the Requisitionist(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) concerned will be advised of this outcome and accordingly, the Board will not convene an EGM and/or include the proposal or the resolution proposed by the Requisitionist(s) at the EGM.

If within 21 days of such deposit, the Board has not advised the Requisitionist(s) of any outcome to the contrary and fails to proceed to convene the EGM, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company to the principal place of business of the Company in Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There is no significant change in the Company's constitutional documents during the year ended 31 December 2025.

Jon Gepsom CPA Limited
Room 1003 -1005, 10/F., Siu On Centre
188 Lockhart Road, Wan Chai, Hong Kong

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兆安中心 10 樓 1003-1005 室

TO THE SHAREHOLDERS OF
LUXXU GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Luxxu Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 90, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we identified are:

1. Impairment assessment on trade receivables; and
2. Net realisable value of inventories.

KEY AUDIT MATTERS *(Continued)*

Impairment assessment on trade receivables

Refer to notes 6(b) and 18 to the consolidated financial statements, the accounting policies in note 4 to the consolidated financial statements and key sources of estimation uncertainty in note 5(b) to the consolidated financial statements.

At the end of the reporting period, the Group had trade receivables with net carrying amount of approximately RMB7,975,000, net of allowance for expected credit losses ("ECLs") of approximately RMB62,202,000.

In general, the trade receivables credit terms granted by the Group to the customers ranged between 0-180 days. Management performs periodic assessment on the recoverability of the trade receivables and the sufficiency of allowance for ECL based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considers forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL.

We focused on this area because the gross carrying amount of trade receivables is significant and the calculation of the allowance for ECL of trade receivables involved the use of significant management judgements and estimates.

Our procedures in relation to impairment assessment of the trade receivables as at the end of the reporting period included:

– Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk;

– Checking, on a sample basis, the ageing profile of the trade receivables as at the end of the reporting period to the underlying financial records and post year-end settlements to bank receipts;

– Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and

– Assessing the appropriateness of the ECL model used in calculating the allowance for ECL, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the allowance for ECL.

KEY AUDIT MATTERS *(Continued)*

Net realisable value of inventories

Refer to note 17 to the consolidated financial statements, the accounting policies in note 4 to the consolidated financial statements and key sources of estimation uncertainty in note 5(c) to the consolidated financial statements.

At the end of the reporting period, the Group had inventories of approximately RMB9,255,000, net of allowance in inventories of approximately RMB39,179,000. Certain inventory items have become slow-moving and long-aged due to changes in market demand and product lifecycle. Significant judgement and estimation by management are involved in identifying inventories with net realisable value that are lower than their cost, with reference to the estimated subsequent selling price.

We focused on this area because the gross carrying amount of inventories is significant to the consolidated financial statements and the determination of the net realisable value for the calculation of the allowance on inventories involved the use of significant management judgements and estimates.

Our procedures in relation to net realisable value of of inventories included:

– Obtaining an understanding of how the management estimated the net realisable value of inventories and evaluating the historical accuracy of the allowance estimation by management;

– Evaluating management's assessment of allowance for inventories with reference to their ageing, the condition of inventories during our observation of physical inventory count; and

– Selecting sample of inventories and reviewing their net realisable values with reference to their selling prices and expected cost of sales subsequent to the end of the reporting period.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors of the Company in discharging their responsibilities 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. We report 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 judgement 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.
- 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 of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Jon Gepsom CPA Limited
Certified Public Accountants

Wong Ka Bo, Jimmy
Practising Certificate Number: P07560

Room 1003-1005, 10/F
Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	8	**42,073**	29,357
Cost of sales		**(26,030)**	(16,920)
Gross profit		**16,043**	12,437
Gains/(losses) on fair value of financial assets at fair value through profit or loss, net		**8,518**	(456)
Loss allowance for expected credit losses on trade receivables	18	**(13,534)**	(18,415)
Provision for allowance on inventories	17	**(5,124)**	(16,353)
Selling and distribution expenses		**(5,518)**	(6,929)
Administrative expenses		**(19,600)**	(19,920)
Finance costs	9	**(2,472)**	(2,328)
Loss before tax	10	**(21,687)**	(51,964)
Income tax	11	**–**	–
Loss for the year attributable to owners of the Company		**(21,687)**	(51,964)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(2,834)**	3,669
Total comprehensive expense for the year attributable to owners of the Company		**(24,521)**	(48,295)
			(Restated)
LOSS PER SHARE			
Basic and diluted (RMB cents)	15	**(12.19)**	(47.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	16	**–**	3,464
Right-of-use assets	22(a)	**4,751**	8,520
Rental deposits	20	**1,801**	1,893
		6,552	13,877
Current assets			
Inventories	17	**9,255**	26,629
Trade receivables	18	**7,975**	13,986
Financial assets at fair value through profit or loss	19	**23,403**	14,604
Deposits, prepayments and other receivables	20	**528**	3,625
Cash and cash equivalents	21	**4,160**	1,030
		45,321	59,874
Current liabilities			
Accruals and other payables	23	**2,606**	1,934
Bond payables	24	**–**	5,146
Lease liabilities	22(b)	**3,491**	3,419
Income tax payable		**70**	70
		6,167	10,569
Net current assets		**39,154**	49,305
Total assets less current liabilities		**45,706**	63,182
Non-current liabilities			
Bond payables	24	**19,937**	24,084
Lease liabilities	22(b)	**1,458**	5,202
		21,395	29,286
NET ASSETS		**24,311**	33,896

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	**2025** **RMB'000**	2024 RMB'000
Capital and reserves			
Share capital	26	**1,911**	45,286
Reserves		**22,400**	(11,390)
TOTAL EQUITY		**24,311**	33,896

The consolidated financial statements on pages 36 to 90 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Liang Yanhuang
Director

Yang Xi
Director

	Equity attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Foreign currency translation reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	45,286	473,246	5,248	5,919	(447,508)	82,191
Loss for the year	–	–	–	–	(51,964)	(51,964)
Other comprehensive income for the year:						
Exchange differences arising on translation of financial statements of foreign operations	–	–	3,669	–	–	3,669
Total comprehensive income/(expense) for the year	–	–	3,669	–	(51,964)	(48,295)
At 31 December 2024 and 1 January 2025	45,286	473,246	8,917	5,919	(499,472)	33,896
Loss for the year	**–**	**–**	**–**	**–**	**(21,687)**	**(21,687)**
Other comprehensive expense for the year:						
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**(2,834)**	**–**	**–**	**(2,834)**
Total comprehensive expense for the year	**–**	**–**	**(2,834)**	**–**	**(21,687)**	**(24,521)**
Capital reduction (note 26(a)(ii))	**(44,381)**	**–**	**–**	**–**	**44,381**	**–**
Issue of shares upon rights issue (note 26(b))	**1,006**	**14,078**	**–**	**–**	**–**	**15,084**
Cost directly attributable to issue of shares upon rights issue (note 26(b))	**–**	**(148)**	**–**	**–**	**–**	**(148)**
At 31 December 2025	**1,911**	**487,176**	**6,083**	**5,919**	**(476,778)**	**24,311**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(21,687)**	(51,964)
Adjustments for:		
Finance costs	**2,472**	2,328
Depreciation of property, plant and equipment	**3,377**	5,477
Depreciation of right-of-use assets	**3,437**	3,472
(Gains)/losses on fair value of financial assets at fair value through profit or loss	**(8,518)**	456
Provision for allowance on inventories	**5,124**	16,353
Loss allowance for expected credit losses on trade receivables	**13,534**	18,415
Loss on modification of bond payables	**–**	51
Operating cash flows before movements in working capital	**(2,261)**	(5,412)
Decrease in inventories	**11,353**	19,130
Increase in trade receivables	**(9,449)**	(9,817)
Increase in financial assets at financial assets at fair value through profit or loss	**(1,231)**	–
Decrease in deposits, prepayments and other receivables	**2,994**	807
Increase/(decrease) in accruals and other payables	**785**	(1,522)
Net cash generated from operating activities	**2,191**	3,186
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares upon rights issue	**15,084**	–
Transaction cost attributable to issue of shares upon rights issue	**(148)**	–
Payment of principal portion of lease liabilities	**(3,332)**	(3,292)
Payment of interest portion of lease liabilities	**(333)**	(277)
Repayment of bonds	**(13,882)**	(647)
Proceeds from issue of bonds	**3,679**	–
Net cash from/(used in) financing activities	**1,068**	(4,216)

	2025 RMB'000	2024 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**3,259**	(1,030)
Cash and cash equivalents at the beginning of the reporting period	**1,030**	1,998
Effect on exchange rate changes on cash and cash equivalents	**(129)**	62
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	**4,160**	1,030
ANALYSIS OF CASH AND CASH EQUIVALENTS, represented by:		
Bank and cash balances (note 21)	**4,160**	1,030

1. GENERAL INFORMATION

Luxxu Group Limited (the "Company") is a limited company incorporated in the Cayman Islands on 3 December 2012 as an exempted company under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 506, 5/F, New World Tower I, 18 Queen's Road Central, Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged into (i) the manufacture and sales of own-branded watches and jewelleries, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, original equipment manufacturer ("OEM") watches and third-party watches; and (ii) provision of exhibition services.

The functional currency of the Company is Hong Kong dollars ("HK$"). For the purpose of presenting these consolidated financial statements, the Group adopted Renminbi ("RMB") as its presentation currency as to better reflect the financial results and performance of the main operation of the Group.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRSs"); Hong Kong Accounting Standards ("HKAS"); and Interpretations (the "Ints"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are disclosed in note 4.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and amendment to HKFRS Accounting Standards to the extent that they are relevant to the Group for current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

3.1 Application of amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025, for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1   Lack of Exchangeability

The application of above amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.2 New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not applied any new or amendments to HKFRS Accounting Standards and Int that have been issued but are not yet effective for the financial year beginning on 1 January 2025. The new or amendments to HKFRS Accounting Standards and Int include the followings which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 New and amendments to HKFRS Accounting Standards issued but not yet effective *(Continued)*

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 – Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for the MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit a loss ("FVTPL") which are measured at fair value, at the end of each reporting period.

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

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.

Basis of consolidation

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

– 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 the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

Revenue recognition

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

– The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– The Group's performance creates and enhances an asset that the customer controls as the Group performs; or

– The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance complete to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Sale of goods

Revenue from manufacture and sales of branded watches and jewellery accessories are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Exhibition services

Revenue arising from assisting customers to hold exhibition is recognised over time with reference to the number of days the exhibition required by the customers.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate.

As a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

– amounts expected to be paid under residual value guarantees.

Foreign currencies

In preparing the financial statements of each individual group entities, transactions in currencies other than that entity's foreign currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items are recognised in profit or loss during the year.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Borrowing costs

The borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for its subsidiaries in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Employee benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items 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 the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 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.

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 the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost, less accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their useful lives, using the straight-line method.

The estimated useful lives are as follows:

Leasehold improvement	Over the shorter of the lease terms
Furniture and office equipment	3-6 years
Plant and machinery	8-10 years

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities 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 or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and measurement of financial assets at amortised cost

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and measurement of financial assets at amortised cost (Continued)

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as financial assets at fair value through other comprehensive income are measured 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 or interest earned on the financial asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables and bank balances). The amount of ECL is updated at the end of each reporting period 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, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment 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 end of the reporting period as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises 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.

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 the end of the reporting period 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; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Significant increase in credit risk (Continued)

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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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 about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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 adjusted by 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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments;

– 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 receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities and equity instruments issued by a group entity 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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 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.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables and bond payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Derecognition (Continued)

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.

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 the profit or loss.

Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Cash and cash equivalents

Cash and cash equivalents are 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 for investment or other purposes. Cash and cash equivalents are subject to the impairment assessment under the ECL approach.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing 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.

Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment and right-of-use assets amounted to Nil (2024: approximately RMB3,464,000) and approximately RMB4,751,000 (2024: RMB8,520,000) respectively. No impairment losses were recognised during the years ended 31 December 2025 and 2024. Details of the property, plant and equipment and right-of-use assets are disclosed in note 16 and note 22(a) respectively.

(b) Impairment assessment on trade receivables

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Group use judgement in making these assumptions and electing the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

As at 31 December 2025, the carrying amount of trade receivables is approximately RMB7,975,000 (net of allowance for ECL of approximately RMB62,202,000) (2024: RMB13,986,000 (net of allowance for ECL of approximately RMB51,331,000)).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Net realisable value of inventories

The Group makes allowance on inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

At the end of the reporting period, the carrying amount of the Group's inventories was approximately RMB9,255,000 (2024: RMB26,629,000). The provision for allowance on inventories recognised for the year ended 31 December 2025 was approximately RMB5,124,000 (2024: RMB16,353,000).

6. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2025 **RMB'000**	2024 RMB'000
Financial assets		
Financial assets at FVTPL	**23,403**	14,604
Financial assets at amortised cost		
– Trade receivables	**7,975**	13,986
– Cash and cash equivalents	**4,160**	1,030
– Deposits and other receivables	**1,841**	2,514
Financial liabilities		
Financial liabilities at amortised cost		
– Bond payables	**19,937**	29,230
– Accruals and other payables	**2,606**	1,934
– Lease liabilities	**4,949**	8,621

(b) Financial risk management objectives and policies

The directors of the Company monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including price risk, currency risk and interest risk), credit risk and liquidity risk.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

The Group's major financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, financial assets at FVTPL, bond payables, accruals and other payables and lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies the simplified approach to provide the allowance for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for all trade receivables. To measure the allowance for ECL, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information.

The Group has a concentration of credit risk in certain individual customers. At the end of the reporting period, the five largest receivables balances accounted for 59% (2024: 58%) of the trade receivables and the largest trade receivable was 18% (2024: 17%) of the Group's total trade receivables.

The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

The Group has assessed the ECL for cash and cash equivalents and deposits and other receivables, and considered the amount was immaterial as at 31 December 2025 and 2024.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Trade receivables, analysed using invoice date ageing analysis

	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
As at 31 December 2025						
ECL rate	**2.2%**	**2.3%**	**6.2%**	**66.0%**	**92.3%**	**88.6%**
Gross carrying amount (RMB'000)	**1,000**	**800**	**500**	**2,014**	**65,863**	**70,177**
Allowance for ECL (RMB'000)	**(22)**	**(18)**	**(31)**	**(1,329)**	**(60,802)**	**(62,202)**
Net carrying amount (RMB'000)	**978**	**782**	**469**	**685**	**5,061**	**7,975**

	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
As at 31 December 2024						
ECL rate	2.1%	2.1%	5.6%	61.7%	81.9%	78.6%
Gross carrying amount (RMB'000)	1,106	751	586	1,300	61,574	65,317
Allowance for ECL (RMB'000)	(23)	(16)	(33)	(802)	(50,457)	(51,331)
Net carrying amount (RMB'000)	1,083	735	553	498	11,117	13,986

Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed rate bond payables and lease liabilities.

The Group was exposed to cash flow interest rate risk in relation to the bank balances with variable interest rate.

No interest rate sensitivity is presented as the impact of a reasonable possible change interest rate does not significantly affect the profit or loss.

Price Risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities included in financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities listed in Hong Kong with price quoted in the Stock Exchange. The directors of the Company will monitor the risks and consider hedging the risk exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Price Risk (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the prices had been 15% higher/lower:

Loss before tax for the year ended 31 December 2025 would decrease/increase by approximately RMB3,510,000 (2024: RMB2,191,000) as a result of changes in fair value of financial assets at FVTPL.

Currency risk

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars ("US$"). Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Company's management do not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge the foreign exchange risks. The Group periodically reviews liquid assets and liabilities held in currencies other than the functional currencies of the respective subsidiaries to evaluate its foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

Since the Group's sales and purchase transactions were denominated in the functional currencies of the respective entities of the Group, the Group did not expose to significant currency risk in this regard. Hence, no sensitivity analysis was being presented.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group is exposed to liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows. Management monitors the utilisation of borrowings on a regular basis.

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows.

	On demand or within one year RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2025					
Non-derivative financial liabilities					
Bond payables	1,624	1,624	20,970	24,218	19,937
Lease liabilities	3,650	1,473	–	5,123	4,949
Accruals and other payables	2,606	–	–	2,606	2,606
	7,880	3,097	20,970	31,947	27,492

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

	On demand or within one year RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024					
Non-derivative financial liabilities					
Bond payables	6,788	6,501	18,573	31,862	29,230
Lease liabilities	3,759	3,838	1,548	9,145	8,621
Accruals and other payables	1,934	–	–	1,934	1,934
	12,481	10,339	20,121	42,941	39,785

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their fair values.

For financial reporting purpose, fair value measurement are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurements in its entirety.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value of financial instruments *(Continued)*

The table below gives the information about how the fair value of the financial assets that are measured at fair value on a recurring basis are determined (in particular, the valuation technique(s) and inputs used). The different level are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value measurement recognised in the consolidated statement of financial position

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	**23,403**	**–**	**–**	**23,403**
As at 31 December 2024				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	14,604	–	–	14,604

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurement recognised in the consolidated statement of financial position (Continued)

The fair value of listed equity securities is determined based on quoted bid price on relevant stock exchange.

Financial assets	Fair Value as at 31/12/2025	Fair Value as at 31/12/2024	Fair Value hierarchy	Basis of fair value measurement/ valuation technique(s) and key inputs
Financial assets at FVTPL – listed equity securities	RMB23,403,000	RMB14,604,000	Level 1	Quoted bid price in an active market

There were no transfer among Level 1, 2 and 3 in both years.

7. SEGMENT INFORMATION

Information reported internally to the chief operating decision maker, being the executive directors of the Company, for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in two business segment in (i) manufacturing, trading and retailing business of branded watches and jewellery accessories; and (ii) assisting customers to hold exhibition.

A single management team reports to the chief operating decision maker who comprehensively manages the entire business with no available discrete financial information. Accordingly, the Group does not have separate reportable segments to be presented.

Revenue from major products

	2025 RMB'000	2024 RMB'000
Branded watches and jewellery accessories	**37,957**	22,149
Exhibition services	**4,116**	7,208
	42,073	29,357

7. SEGMENT INFORMATION *(Continued)*

Revenue from major products *(Continued)*

Geographical information (based on location of the customers)

	2025 **RMB'000**	2024 RMB'000
Hong Kong, the PRC	**4,116**	7,208
The PRC, excluding Hong Kong	**37,957**	22,149
	42,073	29,357

The Group's non-current assets, based on the geographical location of the assets, are all located in Hong Kong.

Information about major customers

Below are individual customers (from sales of branded watches and jewellery accessories) contributed over 10% of total revenue of the Group during the years ended 31 December 2025 and 2024:

	2025 **RMB'000**	2024 RMB'000
Customer A	**6,057**	4,948
Customer B	**5,410**	3,379
Customer C	**4,880**	3,043
Customer D	**N/A***	3,043

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

8. REVENUE

	2025 **RMB'000**	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at a point in time:		
Sales of branded watches and jewellery accessories	**37,957**	22,149
Recognised over time:		
Exhibition services	**4,116**	7,208
	42,073	29,357

The exhibition service contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bond payables (note 24)	**2,139**	2,051
Interest on lease liabilities	**333**	277
	2,472	2,328

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging the followings:

	2025 RMB'000	2024 RMB'000
Employee benefit expense (excluding directors' emoluments (note 12)):		
Salaries, allowances and other benefits	**4,578**	5,089
Retirement benefit schemes contribution	**132**	151
	4,710	5,240
Directors' emoluments (note 12)	**330**	332
Auditor's remuneration		
– audit services	**598**	600
Cost of inventories recognised as expenses	**26,030**	16,920
Depreciation of property, plant and equipment	**3,377**	5,477
Depreciation of right-of-use assets	**3,437**	3,472
Loss on modification of bond payables (note 24), included in administrative expenses	**–**	51

11. INCOME TAX

Hong Kong

Under the two-tiered profits tax regime, the first HK$2,000,000 of assessable profits of qualifying corporations subject to Hong Kong Profits Tax will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong Profits Tax has been provided as there were no assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

The PRC

The PRC Enterprise Income Tax ("PRC EIT") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax under these jurisdictions for the years ended 31 December 2025 and 2024.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the income tax rate applicable to respective tax jurisdictions is as follows:

	2025 **RMB'000**	2024 RMB'000
Loss before tax	**(21,687)**	(51,964)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	**(3,578)**	(8,574)
Tax effect of non-taxable income	**(1,405)**	–
Tax effect of non-deductible expense	**1,179**	1,522
Tax effect of tax losses not recognised	**726**	1,315
Tax effect of deductible temporary differences not recognised	**3,078**	5,737
	–	–

Details of the deferred taxation are set out in note 25.

12. DIRECTORS' EMOLUMENTS

Directors' and chief executive's emoluments for the year ended 31 December 2025, disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Liang Yanhuang	55	–	–	55
Mr. Yang Xi	–	–	–	–
	55	–	–	55
Independent non-executive directors:				
Mr. Yu Chon Man	110	–	–	110
Mr. Zhong Weili	55	–	–	55
Ms. Duan Baili	110	–	–	110
	275	–	–	275
	330	–	–	330

12. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Liang Yanhuang	55	–	–	55
Mr. Yang Xi	–	–	–	–
	55	–	–	55
Independent non-executive directors:				
Mr. Yu Chon Man	111	–	–	111
Mr. Zhong Weili	55	–	–	55
Ms. Duan Baili	111	–	–	111
	277	–	–	277
	332	–	–	332

For the years ended 31 December 2025 and 2024, no emolument was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There were no arrangement under which a director of the Company waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

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

Save for disclosed in note 30, no significant transactions, arrangements and contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

13. FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals during the year ended 31 December 2025 included two (2024: two) directors of the Company, details of whose emoluments are set out in note 12.

The emoluments of the remaining three (2024: three) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits	**252**	252
Retirement benefit scheme contribution	**22**	20
	274	272

Their emoluments were within the following bands:

	2025 Number of employees	2024 Number of employees
Nil – HK$1,000,000 (equivalent to approximately RMB920,000 (2024: RMB924,000))	**3**	3

For the years ended 31 December 2025 and 2024, no emolument was paid by the Group to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There were no arrangement under which the above individuals waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

15. LOSS PER SHARE

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

	2025 RMB'000	2024 RMB'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(21,687)**	(51,964)

	2025 '000	2024 '000 (Restated)
Weighted average number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted loss per share	**177,837**	110,286

15. LOSS PER SHARE *(Continued)*

No adjustment has been made to the diluted loss per share for the years ended 31 December 2025 and 2024 as the exercise of the Company's outstanding share options had no dilutive effect on the basic loss per share.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2024 was restated upon the share consolidation (note 26(a)) completed on 14 March 2025 and the rights issue (note 26(b)) completed on 12 May 2025.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and office equipment RMB'000	Plant and machinery RMB'000	Total RMB'000
Cost				
As at 1 January 2024	8,615	418	44,083	53,116
Exchange realignment	350	17	1,789	2,156
As at 31 December 2024	8,965	435	45,872	55,272
Accumulated depreciation				
As at 1 January 2024	8,196	414	35,802	44,412
Charge for the year	426	4	5,047	5,477
Exchange realignment	343	17	1,559	1,919
As at 31 December 2024	8,965	435	42,408	51,808
Net book value				
As at 31 December 2024	–	–	3,464	3,464
Cost				
As at 1 January 2025	8,965	435	45,872	55,272
Exchange realignment	(438)	(21)	(2,237)	(2,696)
As at 31 December 2025	8,527	414	43,635	52,576
Accumulated depreciation				
As at 1 January 2025	8,965	435	42,408	51,808
Charge for the year	–	–	3,377	3,377
Exchange realignment	(438)	(21)	(2,150)	(2,609)
As at 31 December 2025	8,527	414	43,635	52,576
Net book value				
As at 31 December 2025	–	–	–	–

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

In accordance with the Group's accounting policies, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of that these assets have suffered an impairment loss. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made at the end of the reporting period.

Based on the impairment assessment performed by the directors of the Company, no impairment loss on property, plant and equipment has been recognised for the years ended 31 December 2025 and 2024.

17. INVENTORIES

	2025 **RMB'000**	2024 RMB'000
Raw materials	**4,257**	13,348
Finished goods	**4,998**	13,281
	9,255	26,629

The movement of the allowance on inventories is as follows:

	2025 **RMB'000**	2024 RMB'000
At the beginning of the year	**35,932**	19,232
Provision for allowance on inventories	**5,124**	16,353
Exchange realignment	**(1,877)**	347
At the end of the year	**39,179**	35,932

18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables, gross	**70,177**	65,317
Less: Allowance for ECL	**(62,202)**	(51,331)
Trade receivables, net	**7,975**	13,986

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranged from 0 to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The following is an ageing analysis of trade receivables, net of allowance for ECL, presented based on the invoice date, which approximated to respective revenue recognition dates, at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
0 to 30 days	**978**	1,083
31 to 60 days	**782**	735
61 to 90 days	**469**	553
91 to 180 days	**685**	498
Over 180 days	**5,061**	11,117
	7,975	13,986

The movements of allowance for ECL on trade receivables is as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	**51,331**	34,335
Loss allowance during the year	**13,534**	18,415
Write-off as uncollectible	**–**	(2,427)
Exchange realignment	**(2,663)**	1,008
At the end of the year	**62,202**	51,331

Details of the impairment assessment are set out in note 6(b).

19. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Listed equity securities in:		
– Hong Kong	**23,385**	14,604
– United States (the "U.S.")	**18**	–
	23,403	14,604

The fair values of equity securities listed in Hong Kong and the U.S. are determined based on quoted market bid price available on relevant stock exchanges.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	**488**	3,004
Amounts due from securities brokers	**40**	–
Deposits	**1,801**	1,893
Other receivables	**–**	621
	2,329	5,518
Less: rental deposits shown under non-current assets	**(1,801)**	(1,893)
Amount shown under current assets	**528**	3,625

21. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash at banks and on hand	**4,160**	1,030

As at 31 December 2025 and 2024, the bank balances carried interest at prevailing market interest at rates.

22. LEASES

The Group as a lessee

Right-of-use assets represented the lease of office premises and showroom located in Hong Kong. Such lease was entered with lease period of 3 years (2024: 3 years).

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movement during the year ended 31 December 2025 are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	**8,520**	1,431
Addition	**–**	10,357
Depreciation charge	**(3,437)**	(3,472)
Exchange realignment	**(332)**	204
As at 31 December	**4,751**	8,520

The directors of the Company have performed impairment assessment on the right-of-use assets as at 31 December 2025 and 2024 and based on the recoverable amount of the right-of-use assets, no impairment loss has been recognised for the years ended 31 December 2025 and 2024.

(b) Lease liabilities

	Present value of Minimum lease payments		**Minimum lease payments**	
	2025 RMB'000	**2024 RMB'000**	**2025 RMB'000**	**2024 RMB'000**
Within 1 year	3,491	3,419	3,650	3,759
1 – 2 years	1,458	3,670	1,473	3,838
2 – 5 years	–	1,532	–	1,548
	4,949	8,621	5,123	9,145
Less: future finance charges			(174)	(524)
Present value of lease obligations			4,949	8,621
Less: amount due for settlement within 1 year and classified under current liabilities			(3,491)	(3,419)
Amount due for settlement after 1 year and classified under non-current liabilities			1,458	5,202

22. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 9)	**333**	277
Depreciation of right-of-use assets	**3,437**	3,472
Total amount recognised in profit or loss	**3,770**	3,749

23. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Accruals	**404**	–
Other payables	**2,202**	1,934
	2,606	1,934

24. BOND PAYABLES

During the year ended 31 December 2020, the Company entered into a bond agreement with an independent third party for the issue of the bond with a principal amount of HK$17,000,000 (equivalent to approximately RMB15,207,000) (the "Bond A"). Bond A carried an annual interest rate of 9%, originally due for repayment on 30 January 2023. During the year ended 31 December 2023, the repayment date was extended by 12 months to 31 January 2024, while all other terms remained unchanged. Subsequently, during the year ended 31 December 2024, the maturity date was further extended by 48 months to 31 January 2028. The principal amount of HK$17,000,000 is payable at maturity, with interim interest payments scheduled throughout the duration of the Bond A.

During the year ended 31 December 2021, the Company entered into a bond agreement with an independent third party for the issue of the bond with a principal amount of HK$5,000,000 (equivalent to approximately RMB4,143,000) (the "Bond B"). Bond B carried an annual interest rates of 5%, with repayment date set for 10 August 2024. As at 31 December 2024, Bond B remained outstanding, and the directors of the Company expected to negotiate an extension of its maturity. The maturity date was subsequent extended and the Bond B was fully repaid during the year ended 31 December 2025.

24. BOND PAYABLES *(Continued)*

During the year ended 31 December 2022, the Company entered into a bond agreement with an independent third party for the issue of the bond with a principal amount of HK$5,000,000 (equivalent to approximately RMB4,414,000) (the "Bond C"). Bond C carried an annual interest rate of 9% and is due for repayment on 27 December 2025. During the year ended 31 December 2024, the payment terms of the Bond C were modified, maintaining the principal repayment date on 27 December 2025 but introducing interim interest payments during the bond's duration period, subject to the revised discount rate as described below. The Bond C has been fully repaid in during the year ended 31 December 2025.

During the year ended 31 December 2025, the Company entered into a bond agreement with an independent third party for the issue of the bond with a principal amount of HK$4,000,000 (equivalent to approximately RMB3,679,000) (the "Bond D"). Bond D carried an annual interest rate of 7% and is due for repayment on 26 May 2030.

On initial recognition or respective modification dates, the fair values of Bonds A, B, C and D issued by the Group were determined by calculating the present value of the contractual future cash flows using discount rates of approximately 9.0%, 5.0%, 9.0% and 7.0% per annum, respectively. These discount rates were established with reference to the yields of bonds with similar credit ratings and maturities.

24. BOND PAYABLES *(Continued)*

The details of the bond payables for the year ended 31 December 2025 are set out below:

	2025 RMB'000	2024 RMB'000
At 1 January	**29,230**	26,711
Addition	**3,679**	–
Imputed interest charged (note 9)	**2,139**	2,051
Repayment	**(13,882)**	(647)
Loss on the modification	**–**	51
Exchange realignment	**(1,229)**	1,064
At 31 December	**19,937**	29,230
Less: amount due within one year and classified under current liabilities	**–**	(5,146)
Amount due after one year and classified under non-current liabilities	**19,937**	24,084

25. DEFERRED TAXATION

At 31 December 2025, the Group has estimated unused tax losses of approximately RMB102,986,000 (2024: RMB98,585,000) available for offset against future assessable profits. The estimated unused tax losses may be carried forward indefinitely.

No deferred tax asset have been recognised in respect of estimated unused tax losses as at 31 December 2025 and 2024 due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Notes	Number of shares '000	Nominal value HK$'000
Authorised:			
As at 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK$0.10 each		**1,300,000**	**130,000**
Share consolidation	(a)(i)	**(1,040,000)**	**–**
Share subdivision	(a)(iii)	**12,740,000**	**–**
As at 31 December 2025, ordinary shares of HK$0.01 each		**13,000,000**	**130,000**

26. SHARE CAPITAL *(Continued)*

	Notes	Number of shares '000	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:				
As at 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK$0.10 each		**539,136**	**53,914**	**45,286**
Share consolidation	(a)(i)	**(431,309)**	**–**	**–**
Capital reduction	(a)(ii)	**–**	**(52,835)**	**(44,381)**
Rights issue	(b)	**107,827**	**1,078**	**1,006**
As at 31 December 2025, ordinary shares of HK$0.01 each		**215,654**	**2,157**	**1,911**

Notes:

(a) On 14 March 2025, the Company completed a capital reorganisation (the "Capital Reorganisation") involving the share consolidation (the "Share Consolidation"), the capital reduction (the "Capital Reduction") and the share subdivision (the "Share Subdivision"). The Capital Reorganisation was approved at the special meeting held on 7 February 2025. Details of which are as follows:

(i) Share Consolidation

Every five (5) issued and unissued shares of the Company at of par value of HK$0.10 each was consolidated into one (1) consolidated share (the "Consolidated Share") at par value of HK$0.50 each;

(ii) Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up capital of the Company to the extent of HK$0.49 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share was reduced from HK$0.50 to HK$0.01. The credit arising from the Capital Reduction, being approximately RMB44,381,000, was applied for offsetting against the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company; and

(iii) Share Subdivision

Immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares at par value of HK$0.50 each in the authorised share capital of the Company was subdivided into fifty (50) authorised but unissued adjusted shares at par value of HK$0.01 each.

(b) On 2 December 2024, the Company announced a proposed rights issue (the "Rights Issue") on the basis of one rights share for every one share in issue at a subscription price of HK$0.15 per share to raise up to approximately HK$16,174,000, equivalent to approximately RMB15,084,000, before expenses by way of issuing up to 107,827,200 rights shares. On 12 May 2025, the Company allotted and issued 107,827,200 ordinary shares of HK$0.01 each by way of the Rights Issue and the number of issued shares of the Company were increased to 215,654,400. The net proceeds from the Rights Issue after deducting related expenses were approximately HK$16,060,000, equivalent to approximately RMB14,936,000.

26. SHARE CAPITAL *(Continued)*

Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital in both years.

The Group monitors capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group overall strategy remains unchanged in both years.

In order to maintain its listing on the Stock Exchange, the Group has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars and it demonstrates continuing compliance with the 25% limit throughout the years ended 31 December 2025 and 2024.

The capital structure of the Group consists of borrowings, representing bond payables, and equity attributable to owners of the Company, comprising issued share capital and reserves.

	2025 **RMB'000**	2024 RMB'000
Total borrowings	**19,937**	29,230
Total equity	**24,311**	33,896
Gearing ratio	**82%**	86%

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non current asset		
Investments in subsidiaries	–*	–
Current assets		
Amounts due from subsidiaries	39,847	52,346
Cash and cash equivalents	53	55
	39,900	52,401
Current liabilities		
Accruals	404	1,495
Bond payables	–	5,146
	404	6,641
Net current assets	39,496	45,760
Total assets less current liabilities	39,496	45,760
Non-current liability		
Bond payables	19,937	24,084
Net assets	19,559	21,676
Capital and reserves		
Share capital (note 26)	1,911	45,286
Reserves (note)	17,648	(23,610)
Total equity	19,559	21,676

* Less than RMB1,000.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: Movement of the reserves of the Company

	Share premium RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2024	473,246	5,919	17,718	(514,537)	(17,654)
Loss for the year	–	–	–	(6,931)	(6,931)
Other comprehensive income:					
Exchange difference arising on translation of financial statements from functional currency to presentation currency	–	–	975	–	975
Total comprehensive (expense)/income for the year	–	–	975	(6,931)	(5,956)
As at 31 December 2024 and 1 January 2025	473,246	5,919	18,693	(521,468)	(23,610)
Loss for the year	**–**	**–**	**–**	**(16,802)**	**(16,802)**
Other comprehensive expense:					
Exchange difference arising on translation of financial statements from functional currency to presentation currency	**–**	**–**	**(251)**	**–**	**(251)**
Total comprehensive expense for the year	**–**	**–**	**(251)**	**(16,802)**	**(17,503)**
Capital Reduction (note 26(a)(ii))	**–**	**–**	**–**	**44,381**	**44,381**
Issue of shares upon the Rights Issue (note 26(b))	**14,078**	**–**	**–**	**–**	**14,078**
Cost directly attributable to the issue of shares upon the Rights Issue (note 26(b))	**(148)**	**–**	**–**	**–**	**(148)**
As at 31 December 2025	**487,176**	**5,919**	**18,442**	**(493,889)**	**17,648**

(i) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of changes in equity.

(ii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

28. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is a registered scheme under the MPF Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employers and their employees are each required to make contributions to the MPF Scheme at a rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees and capped at HK$1,500 per month. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

29. SHARE OPTION SCHEMES

On 19 December 2014, the share option scheme (the "Share Option Scheme") was adopted. The purposes of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The directors of the Company consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the directors of the Company and other selected participants for their contributions to the Group.

The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares capital on 30 January 2015 (such 10% limit representing 80,000,000 shares).

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being, unless the approval of the shareholders of the Company is obtained.

29. SHARE OPTION SCHEMES *(Continued)*

Any grant of options under the Share Option Scheme to the directors, chief Executive or substantial shareholder of the Company must be approved by the independent non-executive directors of the Company. Where any granted to substantial shareholders or independent non-executive directors of the Company in excess of 0.1% of the Company's share capital or with value in excess of HK$5,000,000 must be approved by the shareholders of the Company in general meeting.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The subscription price per share under the Share Option Scheme shall be determined at the discretion of the directors of the Company and will not less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

The Share Option Scheme remained in force for a period of 10 years since the date of adoption and has been expired in December 2024.

There were no share options granted, exercised or forfeited during the years ended 31 December 2025 and 2024.

			Exercise price (note (i))			Number of share options				
Category of Participants	Date of grant	Exercisable period	Before the Share Consolidation, the Rights Issue	Before the Rights Issue and after the Share Consolidation	After the Share Consolidation and the Rights Issue	As at 1 January 2024 '000	Lapsed during the year '000	As at 31 December 2024 and 1 January 2025 '000	Adjustment during the year (note (ii)) '000	As at 31 December 2025 '000
Directors	23 August 2021	23 August 2021 to 22 August 2024	HK$0.152	N/A	N/A	13,470	(13,470)	–	–	–
Employees	11 April 2019	11 April 2019 to 10 April 2029	HK$0.41	HK$2.05	HK$1.99	29,376	–	29,376	(23,311)	6,065
	23 August 2021	23 August 2021 to 22 August 2024	HK$0.152	N/A	N/A	22,450	(22,450)	–	–	–
						65,296	(35,920)	29,376	(23,311)	6,065
Exercisable as at the end of the reporting period						65,296		29,376		6,065
Weighted average exercise price						HK$0.268		HK$0.41		HK$1.99

Notes:

(i) The exercise price of the share options has been adjusted by (i) the Share Consolidation of every five existing shares of the Company consolidated into one consolidated share of the Company on 14 March 2025; and (ii) the Rights Issue on 12 May 2025.

(ii) The Capital Reorganisation and Rights Issue (note 26) has resulted in a corresponding adjustment to the ordinary shares underlying the Share Option Scheme adopted on 19 December 2014, in respect of the share options granted on 11 April 2019 with an exercise price of HK$1.99 per each share option. The number of outstanding share options under the Scheme amounted to 6,065,000 (being the consolidated number after the Share Consolidation and Rights Issue adjustments).

29. SHARE OPTION SCHEMES *(Continued)*

The fair values of the Company's share options were calculated using the Black-Scholes pricing model. The inputs into the model are as follows:

Date of grant	23 August 2021	11 April 2019
Grant date share price	HK$0.152	HK$0.40
Exercise price	HK$0.152	HK$0.41
Expected volatility	94%	47%
Option life	3 years	10 years
Risk-free interest rate	0.19%	1.62%
Expiration date	22 August 2024	10 April 2029

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had approximately 6,065,000 (2024: 29,376,000) share options outstanding and all were exercisable with weighted average remaining contractual life of 3.3 years (2024: 4.3 years) under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of approximately 6,065,000 (2024: 29,376,000) additional ordinary shares of the Company, additional share capital of approximately HK$61,000 (2024: HK$2,927,000) (equivalent to approximately RMB54,000 (2024: RMB2,762,000)) and additional funds raised of approximately HK$12,044,000 (2024: HK$12,044,000) (equivalent to approximately RMB10,807,000 (2024: RMB11,361,000)) (before issue expenses).

Subsequent to the end of the reporting period and up to the date of this report, no share options were exercised.

30. RELATED PARTY DISCLOSURES

Other than these balances and transactions with related parties disclosed in elsewhere in the consolidated financial statements, the Group has the following material transactions with related parties:

Compensation of key management personnel

The directors of the Company are identified as key management personnel of the Group and their compensation for the years ended 31 December 2025 and 2024 is set out in note 12.

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries are set out below:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company Directly 2025	2024	Principal activities
Time2U (HK) Limited	Hong Kong	HK$1.00	**100%**	100%	Manufacturing, trading and retailing business of branded watches and jewellery accessories and assisting customers to hold exhibition
Touch Moment Group Limited	The BVI	US$1.00	**100%**	100%	Investment holding

None of the subsidiaries had any debt securities outstanding during the years ended 31 December 2025 and 2024.

32. 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 statement of cash flows from financing activities.

	Lease liabilities RMB'000	Bond payables RMB'000	Total RMB'000
1 January 2024	1,350	26,711	28,061
Financing cash outflows	(3,569)	(647)	(4,216)
Non-cash changes:			
Additions	10,357	–	10,357
Modification	–	51	51
Finance costs incurred	277	2,051	2,328
Exchange realignment	206	1,064	1,270
At 31 December 2024	8,621	29,230	37,851
1 January 2025	**8,621**	**29,230**	**37,851**
Financing cash outflows	**(3,665)**	**(10,203)**	**(13,868)**
Non-cash changes:			
Finance costs incurred	**333**	**2,139**	**2,472**
Exchange realignment	**(340)**	**(1,229)**	**(1,569)**
At 31 December 2025	**4,949**	**19,937**	**24,886**

Non-cash transaction

Addition of right-of-use assets of approximately RMB10,357,000 (2025: nil) and corresponding amount of lease liabilities were recognised during the year ended 31 December 2024 (2025: nil).