FIYTA 飞亚达

FIYTA Precision Technology Co., Ltd.

2024 Annual Report

March 2025

2024 Annual Report

Section 1 Important notes, contents and definitions

The Board of Directors, Board of Supervisors, directors, supervisors and senior management of FIYTA Precision Technology Co., Ltd. undertake that the information presented in the report is true, accurate and complete and does not contain false records, misrepresentations or major omissions and bear individual and joint legal liability.

Zhang Xuhua, the person in charge of the Company, Song Yaoming, the CFO, and Tian Hui, the Financial Manager (Accounting Supervisor) declare to ensure that the financial content in the annual report is truthful, accurate, and complete.

All directors have attended the board meeting to review this report.

The forward-looking descriptions such as future plans and development strategies included in this annual report do not constitute the Company's substantive commitments to investors. Investors are advised to pay attention to investment risks.

The Company has described the existing macroeconomic risks, operational risks and other risks in detail in this report. Please refer to the section on the future development of the Company and the countermeasures in Section 3 Management discussion and analysis.

The profit distribution plan reviewed and approved by the Board of

Directors of the Company is as follows: based on the total share capital on the equity registration date when the profit distribution plan is implemented, cash dividends of RMB 4.00 (including tax) will be distributed to all shareholders for every 10 shares, without bonus share (including tax), and surplus funds will not be converted into additional capital.

This report is prepared in both Chinese and English. In case of any ambiguity, the Chinese version shall prevail.

Table of Contents

List of Reference Documents

I. Financial statements containing the signatures and seals of the legal representative, the chief accountant and the accountant in charge.

II. The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.

III. The originals of all the company's documents and announcements publicly disclosed during the reporting period.

Interpretations

Definitions	refers to	Description
The Company, Company, FIYTA	refers to	FIYTA Precision Technology Co., Ltd.
AVIC	refers to	Aviation Industry Corporation of China, LTD.
AVIC INNO	refers to	AVIC INNO Co., Ltd.
AVIC INTL holding	refers to	AVIC International Holding Limited
AVIC Finance	refers to	AVIC Finance Co., Ltd.
Phase II restricted stock incentive plan	refers to	2018 A-Shares Restricted Stock Incentive Plan (Phase II)
Current reporting period, reporting period	refers to	January 1, 2024 to December 31, 2024

Section 2 Company profile and key financial indicators

I. Company Information

Abbreviation	FIYTA, FIYTA B	Stock code	000026, 200026
Stock name before change (if any)	None		
Stock listing stock exchange	Shenzhen Stock Exchange		
Chinese name	飞亚达精密科技股份有限公司		
Abbreviation in Chinese	飞亚达公司		
Foreign name of the Company (if any)	FIYTA Precision Technology Co., Ltd.		
Foreign short name of the Company (if any)	FIYTA		
Legal representative	Zhang Xuhua		
Registered address	Fiyta Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen		
Postal code of registered address	518057		
Historical change of COOEC's registered address	On January 30, 1997, the registered address of the Company was changed from "Building 6, Zhonghangyuan, Shennan Middle Road, Shenzhen" to "Building 6, Zhonghangyuan, Shennan Middle Road, Futian District, Shenzhen"; On April 5, 2000, the registered address was changed to "FIYTA Building, No. 163, Zhenhua Road, Futian District, Shenzhen"; On February 20, 2004, the registered address was changed to "FIYTA Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen".		
Office address	Floor 20, Fiyta Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen		
Postal code of business address	518057		
COOEC Website	www.fiytagroup.com		
E-mail	investor@fiyta.com.cn		

2. Contact person and contact information

	Secretary of the Board of Directors	Securities affairs representative
Name	Song Yaoming	Xiong Yaojia
Contact address	Floor 20, Fiyta Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen	18th Floor, Fiyta Technology Building, Gaoxin South 1st Road, Nanshan District, Shenzhen
TEL	0755－86013669	0755－86013669
Fax	0755－83348369	0755－83348369
E-mail	investor@fiyta.com.cn	investor@fiyta.com.cn

III. Information disclosure and storage location

Website of the stock exchange where	http://www.szse.cn

COOEC discloses its annual report	
Name and website of the media where Fiyta discloses its annual report	Securities Times, Hong Kong Commercial Daily and CNINFO (www.cninfo.com.cn)
Storage location of annual reports	Corporate Planning Working Capital Department

IV. Registration changes

Unified Social Credit Code	91440300192189783K
Changes in primary business since the listing of the Company (if any)	No change
Changes in previous controlling shareholders (if any)	No change

V. Other relevant information

Accounting firm engaged by the Company

Name of accounting firm	RSM China CPA LLP (Special General Partnership)
Office address of accounting firm	1001-1 to 1001-26, 10F, Building 1, No. 22, Fuchengmenwai Street, Xicheng District, Beijing
Signing accountants	Cai Ruxiao, Zheng Chaomin, Ge Hua

Sponsor institution engaged by the Company to perform continuous supervision during the reporting period

Not applicable

Financial consultant engaged by the Company to perform continuous supervision during the reporting period

Not applicable

VI. Main accounting data and financial indicators

Does the Company need to retrospectively adjust or restate the accounting data in previous years?

No

	2024	2023	Increase or decrease YoY	2022
Operating income (yuan)	3,940,530,934.07	4,569,690,002.99	-13.77%	4,354,096,880.36
Net profit attributable to shareholders of the listed company (yuan)	220,350,184.99	333,178,102.37	-33.86%	266,681,451.84
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed company (yuan)	208,728,288.68	316,806,208.13	-34.11%	249,791,455.73
Net cash flows from operating activities (yuan)	536,730,960.29	632,401,487.98	-15.13%	476,228,776.52
Basic earnings per share (yuan/share)	0.5385	0.8082	-33.37%	0.6398
Diluted earnings per	0.5378	0.8075	-33.40%	0.6398

share (yuan/share)				
Return on weighted average net assets	6.55%	10.28%	-3.73%	8.68%
	As at the end of 2024	As at the end of 2023	Increase or decrease at the end of the current year compared with the end of the previous year	As at the end of 2022
Total assets (yuan)	4,007,690,717.02	4,204,260,897.08	-4.68%	4,117,143,911.99
Net assets attributable to shareholders of the listed company (yuan)	3,391,843,200.61	3,333,805,752.19	1.74%	3,136,423,492.15

The Company's net profit before and after deducting non-recurring profit and loss in the last three accounting years, whichever is lower, is negative, and the audit report for the latest year shows that the Company's ability to continue as a going concern is uncertain

No

The lower of net profit before and after deducting non-recurring profit and loss (whichever is lower) is negative

No

VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences in net profit and net assets in the financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

Not applicable

2. Differences in net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards

Not applicable

VIII. Main financial indicators by quarter

Unit: yuan

	Q1	Q2	Q3	Q4
Operating revenue	1,065,150,876.00	1,011,247,035.32	963,368,988.81	900,764,033.94
Net profit attributable to shareholders of the listed company	75,499,096.30	71,639,386.04	50,484,466.22	22,727,236.43
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed company	69,755,955.88	70,689,265.93	50,362,069.34	17,920,997.53
Net cash flows from operating activities	-964,281.20	137,495,077.72	180,837,164.86	219,362,998.91

Whether the above financial indicators or their sum are significantly different from the financial indicators disclosed in the quarterly report and semi-annual report of the Company

No

IX. Non-recurring gains and losses items and amounts

Unit: yuan

Item	Amount in 2024	Amount in 2023	Amount in 2022	Notes
Profit or loss from disposal of non-current assets (including the writing-off part for which the asset impairment provision is made)	2,367,816.60	685,868.57	91,925.06	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of COOEC, obtained according to established criteria and in accordance with the national policies and provisions and those continuously affecting the profit and loss of FIYTA)	5,480,540.76	8,665,506.85	18,648,210.06	
Profit or loss on fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises and the profit or loss arising from the disposal of financial assets and liabilities, except for effective hedging operations associated with COOEC's normal operations	524,315.57	0.00	0.00	It was mainly due to the increase in income from time deposits.
Reversal of receivables tested for impairment separately, provision for impairment	3,753,262.84	7,570,975.54	4,389,902.44	
Non-operating revenue and expenses other than the above-mentioned items	2,834,587.38	3,910,736.70	-1,064,064.23	
Less: income tax effects	3,338,626.84	4,461,193.42	5,175,977.22	
Total	11,621,896.31	16,371,894.24	16,889,996.11	--

Specific circumstances of other items that meet the definition of non-recurring gains and losses:

Not applicable

Description of the definition of non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit or Loss as recurring profit and loss items

Not applicable

Section 3 Management discussion and analysis

I. Industry status during the reporting period

In 2024, according to the data of the National Bureau of Statistics, the total retail sales of domestic consumer goods increased by 3.5% year-on-year, the total consumer market grew steadily but differentiated significantly, and the traditional watch consumer market faced multiple pressures such as demand contraction and intensified competition.

In terms of consumption structure, luxury goods and optional consumption continue to be under pressure, while experiential consumption such as health and technology is on the rise. Bain's report indicated that the sales of personal luxury goods in mainland China fell by 18%-20% year-on-year, among which the watch category was significantly affected by consumption outflow (the proportion of overseas consumption rose to 40%) and preference shift. Data from the Federation of the Swiss Watch Industry showed that the export value of Swiss watches to mainland China fell by 25.8% year-on-year throughout the year, and sales of watches in various price ranges declined to varying degrees; Meanwhile, the PwC report revealed that the demand for sports equipment and health monitoring equipment is rising, and IDC data showed that the shipments of wrist-worn devices (including smart watches and bracelets) in China increased by 20.1% YoY in the first three quarters of this year, ranking first in the world.

In terms of consumption channels, fragmentation of offline channels has intensified, with discount stores and immersive experience stores becoming the main growth drivers, while customer traffic to traditional department stores and specialty stores has declined; The penetration rate of online channels has stabilized, and the proportion of refined operation modes such as livestream e-commerce and member private domains has increased.

In terms of consumption preferences, young consumers are less loyal to brands and they are more concerned about cost-effectiveness and consumption experience. Proactive healthcare, technological interaction, dedicated services and other models are more popular.

In this context, the Company will insist on its own brand positioning, strengthen brand building and differentiation, and enhance the core competitiveness of traditional watch business; consolidate channel operation management, optimize store structure and form mode, and actively deploy high-quality and incremental channels. By emphasizing the customer orientation, the Company will increase AI and other technical empowerment and digital applications, and continue to deepen customer research; anchor the transformation and upgrading goals, enhance the core technology capabilities of precision technology and smart wearable, and actively promote the expansion of related new industries, so as to cope with market changes.

II. Main business of the Company during the reporting period

The Company was founded and developed from aviation precision technology and material technology, with the mission of "inheriting the 'spirit of serving the country by aviation' and creating a quality life". Over the years, it has deeply cultivated the watch industry, formed a core business layout covering its own brand of watches and comprehensive services of luxury watches, to promote each other, and is committed to becoming a leader in China's watch industry, spreading aviation culture and Chinese culture, and actively investing strategic emerging industries such as precision technology and smart wear.

With its continuous accumulation in professional watchmaking capacity building and brand operation management, the Company has a number of watch brands such as "FIYTA", "Emile Chouriet", "Beijing", "Jeep" and "ADASHER", covering medium and high-end, mass, fashion and other market segments. Among them, "FIYTA," a core brand, is positioned as "a high-quality Chinese watch brand featuring aerospace watches". By continuously strengthening the unique IP of aerospace and product quality, the Company increases the research and development of movements and key components, integrates aerospace characteristic technologies and material applications, and creates distinctive features, thereby promoting the development of the brand towards "youthfulness, high-end and mainstream".

In order to seize the opportunities in the domestic luxury watch market, the Company has established a comprehensive service channel for "Harmony" luxury watches, specializing in the distribution and service of world luxury watches, and has established close cooperative relations with many world high-end and mainstream brands. By positioning "Harmony" as a "full service provider and brand operation platform for luxury watches", the Company continues to solidly promote the improvement of operation capabilities and customer service capabilities. Relying on the operation experience of leading international brands, "Harmony" has become a top professional high-end chain commercial brand of luxury watches in China, helping improve the operation of own brands.

In recent years, under the development principle of "shared technology, shared industry roots, and aligned value", the Company has expanded into strategic emerging industries such as precision technology and smart wearable by virtue of precision technology strength and industrial accumulation, and will continue to actively increase resource investment, to cultivate and grow the two strategic industries.

III Analysis of core competitiveness

(I) Brand operation and management capabilities of the whole industry chain

The Company possesses integrated capabilities across the entire industry chain, including research and development, design, manufacturing, sales, and service. Through resource integration and business synergy, it continuously strengthens the differentiation and competitiveness of its core proprietary brand "FIYTA". During the reporting period, "FIYTA" brand won multiple awards including the Platinum and Gold awards at the 2024 MUSE Design Awards, credited to its innovative product lineup. With the high-quality operation and management of the e-commerce platform, the Company has won a number of awards such as "2023 Tmall Fashion Accessories New Trend Track Award", "2023 JD Trend New Product Award", "TikTok E-commerce Annual Brand in Apparel and Men's Comprehensive Industry in 2023", and "Kuaishou E-commerce Annual Excellent Merchant in Jewelry and Jade Industry in 2024". These achievements have significantly boosted the brand's influence and visibility.

(II) Omni-channel refined operation and management capabilities

The Company has refined channel operation and management capabilities. Through high-quality development of offline channels and steady promotion of online and offline channel integration, the channel structure has been continuously optimized, and the operation efficiency has been steadily improved, basically forming a three-dimensional channel network covering online and offline channels across China and abroad. During the reporting period, the "FIYTA" brand won the "Amazon Overseas Rising Star Award in 2024" by virtue of the smooth development of overseas platform channels, and Harmony Company, relying on its excellent channel operation and comprehensive strength, was awarded the "Top Ten Value-added Enterprises in the Wholesale and Retail Industry in Nanshan District in 2023".

(III) Core technical capabilities of precision technology

As a national technology innovation demonstration enterprise, a national enterprise technology center and a national industrial design center, the Company has key core technologies and high-end watchmaking skills covering watch movement, parts manufacturing, aerospace watch development and other aspects. Relying on the R & D and production platforms in Shenzhen and Switzerland, the Company focuses on key technology research, and continues to promote technological breakthroughs in movement and the application of scientific research results. During the reporting period, the Company's self-developed automatic mechanical movement "Zhaixing" became the first female space watch movement certified by the French Besançon Observatory. The Company won the "Second Prize of

Science and Technology Progress Award of China National Light Industry Council" for leading the completion of ISO 14368-4:2020, the first international standard in the field of watches proposed and formulated by China. With outstanding achievements in standard development and standard system construction, it was awarded the "Shenzhen Standard Innovation Demonstration Base".

(IV) Efficient and empowered digital operation and management capabilities

The Company has a diversified digital retail system and digital management platform that empowers businesses and employees, and promotes business collaboration and operational efficiency by continuously deepening digital applications in management and manufacturing, sales, service and other links. During the reporting period, the Company carried out in-depth digital construction related work such as digital retail system optimization, upgrading and construction of operation management system, and exploration of intelligent manufacturing mode, constantly facilitating the Company's digital transformation.

(V) Construction capacity of professional talent team

Based on the concept of "value creation", the Company continuously has invested in the construction of talent team, and has established a sound talent selection, training and promotion system and built a professional and stable talent team. In addition, the Company has cultivated a number of outstanding representatives in the industry in core fields such as design, R & D and manufacturing by building an innovative incentive mechanism and developing diversified talent incentive measures.

IV. Analysis of main business

1. Overview

In 2024, the Company, adhering to seeking progress while maintaining stability, strengthened and expanded the main business of watches, to improve core competitiveness, and focused on scientific and technological innovation, accelerated transformation and upgrading, enhanced core functions, deepened quality and efficiency improvement, prevented asset risks, identified operation counterattack points, and carried out various operation and management work in an orderly manner. During the reporting period, in the environment of continuous pressure on the watch consumer market, the Company achieved operating income of RMB 3,940.53 million yuan, a YoY decrease of 13.77%, with the total profit of RMB 286.11 million yuan, down 34.53% YoY. The Company paid close attention to lean operation and risk prevention and control. At the end of the period, the asset-liability ratio was 15.37%, and the net cash flow from business activities was RMB 537 million yuan, indicating high operating efficiency and controllable operating risks. Moreover, the Company consolidated confidence in development and attached importance to shareholder returns. It has implemented the cash dividend plan in 2023 and the domestic listed foreign shares (B shares) share repurchase and cancellation plan (Phase IV), and has formulated a cash dividend plan in 2024, to pay cash dividends of 4.00 yuan (tax included) to all shareholders for every 10 shares.

During the reporting period, the Company's main business initiatives are as follows:

(I) Firmly promote the implementation of brand positioning upgrade strategy and spread aviation and Chinese culture

During the reporting period, the aerospace product matrix was optimized continuously by positioning "FIYTA" brand as a "high-quality Chinese watch brand featuring aerospace watch", and a three-dimensional product layout was implemented in combination with aerospace characteristic IP. The integration with intangible cultural heritage was strengthened by incorporating traditional intangible cultural heritage crafts such as Song porcelain and mother-of-pearl inlay into product design, so as to showcase China's excellent traditional culture. The IP cooperation with "Y-20 Transport Aircraft", CNNC and other "Pillars of a Great Power" was deepened, and the brand was frequently exposed through Milan Fashion Week, cooperation with Xia Zhiguang, "Shenzhou-18", "Shenzhou-19", Zhuhai International Aviation & Aerospace Exhibition, Nasdaq large screen display and other brand events.

(II) Continue to promote the optimization of channel structure and improve to the efficiency of operation and management

During the reporting period, for the "FIYTA" brand, the focus was on building offline core stores, and taking aerospace theme stores as the starting point, to actively deploy high-quality channels such as mainstream shopping malls, and promote the transformation of business models. The efficiency of self-owned stores and customer was improved through the "Little Red Book + TikTok Store Livestream + Local Life" model. By strengthening the development of new products online and the construction of self-operated livestream matrix, during the "618" period, the e-commerce GMV achieved contrarian growth, ranking first in the turnover of domestic watches in the whole network. Adhering to the integration of product and sales, the Company carried out global marketing, and made the popular "small gold watch" enter the TOP list of major platforms, helping the brand to significantly increase its share in mainstream e-commerce platforms. Meanwhile, the Company actively expanded overseas channels and duty-free channels, to develop incremental markets.

"Harmony" actively expanded cooperation with medium and high-end brands, developed offline channels with high quality, and steadily promoted the integrated development of online and offline channels; Deepen and refine excellent operation in an all-round way, and systematically improve operational efficiency from online, offline, stores, brands, members, services and other dimensions.

(III) Continue to increase investment in scientific and technological innovation and strengthen the strength of precision technology

During the reporting period, the Company's self-developed automatic mechanical movement "Zhaixin" became the first female aerospace watch movement certified by the French Besançon Observatory. The Company actively promoted the large-scale commercial use of the self-developed movement, the product application of high-level mechanical movements such as the tourbillon, the development of key parts such as clamps and hairsprings, and the development and application of aerospace materials and precision timing technology.

(IV) Continue to promote digital transformation and deepen digital platform application

During the reporting period, the Company continued to carry out digital operations, improving and iterating the digital retail system; Focusing on customer needs and profiles, optimized the member life cycle model to enhance core metrics such as conversion of potential customers and retention of existing customers, ensuring continuous improvement. Deepening the private domain operations, leveraged mini-programs to cultivate private domain traffic and develop activities like private domain group purchases.

(V) Continue to promote the exploration of new businesses and actively cultivate strategic emerging industries

During the reporting period, the Company strengthened its precision technology business, enhancing its technical capabilities to meet the demands of complex and high-precision products, driving the expansion of new customers. The smart wearable business continued to advance with upgrades in product and technological capabilities. There was a strong emphasis on enhancing both software and hardware technologies, along with new product development. Under the "Jeep" brand, new products such as the curved screen square smartwatch integrating AI technology were launched, achieving the increased revenue during the reporting period.

YoY changes in main financial data

Balance sheet items

Items	Ending balance	Beginning balance	Change	Reason for change
Notes receivable	29,611,600.60	18,268,972.37	62.09%	It was mainly due to the increase in bil

				settlement customers.
Other current assets	98,007,925.22	72,249,391.81	35.65%	It was mainly due to the increase in time deposit transactions.
Other non-current assets	3,792,253.84	9,434,627.17	-59.80%	It was mainly due to the decrease in prepaid store decoration payments.
Short-term borrowings	124,087,754.51	250,187,763.87	-50.40%	It was mainly due to repayment of bank borrowings.
Accounts payable	115,532,921.57	173,825,907.71	-33.54%	It was mainly due to the decrease in the purchase of luxury watches.
Treasury share	12,815,556.81	78,645,532.23	-83.70%	It was mainly due to the cancellation of repurchased B shares.

Profit statement items from the beginning of the year to the end of the reporting period

Items	Amount in the current period	Amount in the previous period	Change	Reason for change
Other income	7,492,642.33	11,435,373.78	-34.48%	It was mainly due to the decrease in government subsidies received.
Investment income	-431,254.89	-5,819,479.60	92.59%	It was mainly due to the losses reduced by shareholding enterprises.
Credit impairment loss	266,485.96	6,827,575.82	-96.10%	This is mainly due to a significant reversal of a single item during the same period.
Losses from asset impairment	-19,289,865.31	571,980.37	-3472.47%	It was mainly due to the increase in the provision for impairment of luxury watch business.
(LV) Incomes from disposal of assets	2,367,816.60	685,868.57	245.23%	It was mainly due to the impact of disposing of certain properties.

Items in the statement of cash flows from the beginning of the year to the end of the reporting period

Items	Amount in the current period	Amount in the previous period	Change	Reason for change
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,848,874.32	1,278,284.57	279.33%	It was mainly due to the impact of disposing of certain properties.
Cash received from other investing activities	201,839,677.57	0.00	-	It was mainly due to the increase in time deposits.
Cash paid for other investing activities	231,179,882.49	0.00	-	It was mainly due to the increase in time deposits.
Cash received from borrowings	323,957,187.86	250,000,000.00	29.58%	It was mainly due to the increase in the amount of borrowings obtained in this year due to changes in borrowing methods.
Cash paid for debt repayments	450,000,000.00	290,000,000.00	55.17%	It was mainly due to the increase in the amount of borrowings to be repaid in the this year due to changes in borrowing methods.
Cash paid for distribution of dividends and profits or payment of interests	168,545,613.69	114,106,711.75	47.71%	It was mainly due to the increase in cash dividends.

Cash paid for other financing activities	116,757,093.91	198,056,975.77	-41.05%	It was mainly due to the decrease in share repurchase expenses.

2. Revenue and cost

(1) Composition of operating income

Unit: yuan

	2024		2023		YoY increase/decrease
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Total operating income	3,940,530,934.07	100%	4,569,690,002.99	100%	-13.77%
By industry					
Watch business	3,656,306,133.74	92.79%	4,267,371,133.82	93.38%	-14.32%
Precision technology business	134,469,811.50	3.41%	135,950,405.45	2.98%	-1.09%
Leasing business	138,069,112.39	3.50%	150,361,811.22	3.29%	-8.18%
Others	11,685,876.44	0.30%	16,006,652.50	0.35%	-26.99%
By product					
Watch brand business	721,623,074.27	18.31%	797,083,010.50	17.44%	-9.47%
Full service business of luxury watches	2,934,683,059.47	74.48%	3,470,288,123.32	75.94%	-15.43%
Precision technology business	134,469,811.50	3.41%	135,950,405.45	2.98%	-1.09%
Leasing business	138,069,112.39	3.50%	150,361,811.22	3.29%	-8.18%
Others	11,685,876.44	0.30%	16,006,652.50	0.35%	-26.99%
By region					
South China	1,857,820,951.58	47.15%	2,111,088,618.01	46.20%	-12.00%
Northwest China	546,718,719.91	13.87%	704,042,804.95	15.41%	-22.35%
North China	122,281,678.29	3.10%	217,315,524.00	4.76%	-43.73%
East China	492,238,757.53	12.49%	570,830,728.85	12.49%	-13.77%
Northeast China	341,939,729.91	8.68%	357,656,639.08	7.83%	-4.39%
Southwest China	579,531,096.85	14.71%	608,755,688.10	13.31%	-4.80%
Distribution mode					
Direct sales	3,794,632,582.06	96.30%	4,429,357,639.21	96.93%	-14.33%
Distribution	145,898,352.01	3.70%	140,332,363.78	3.07%	3.97%

(2) Industries, products, regions and sales models accounting for more than 10% of the Company's operating income or operating profit

Unit: yuan

	Operating revenue	Operating costs	Gross profit rate	Increase or decrease in revenue compared with the same period last year	Increase/decrease in operating costs compared with the same period last year	Increase/decrease in gross profit rate compared with the same period last year
By industry						
Watch business	3,656,306,133.74	2,317,289,192.84	36.62%	-14.32%	-15.60%	0.96%
Leasing business	138,069,112.39	43,245,383.91	68.68%	-8.18%	-2.54%	-1.81%
By product						
Watch brand business	721,623,074.27	236,520,324.15	67.22%	-9.47%	-10.33%	0.32%
Full service business of luxury watches	2,934,683,059.47	2,080,768,868.69	29.10%	-15.43%	-16.16%	0.61%
Leasing business	138,069,112.39	43,245,383.91	68.68%	-8.18%	-2.54%	-1.81%
By region						
South China	1,857,820,951.58	1,150,015,490.66	38.10%	-12.00%	-13.99%	1.43%
Northwest China	546,718,719.91	340,604,264.11	37.70%	-22.35%	-23.95%	1.32%
North China	122,281,678.29	67,869,248.79	44.50%	-43.73%	-48.47%	5.10%
East China	492,238,757.53	320,993,514.84	34.79%	-13.77%	-12.74%	-0.77%
Northeast China	341,939,729.91	228,825,624.89	33.08%	-4.39%	-4.76%	0.26%
Southwest China	579,531,096.85	367,889,791.14	36.52%	-4.80%	-3.38%	-0.93%
Distribution mode						
Direct sales	3,794,632,582.06	2,406,620,203.55	36.58%	-14.33%	-15.51%	0.89%
Distribution	145,898,352.01	69,577,730.88	52.31%	3.97%	21.98%	-7.04%

If the statistical caliber of the company's main business data is adjusted during the reporting period, the company's latest period main business data adjusted according to the caliber at the end of the reporting period

Not applicable

(3) Whether the Company's physical sales revenue is greater than labor revenue

Yes

Industry classification	Item	Unit	2024	2023	YoY increase/decrease
Brand watches	Sales volume	Nos.	978,021	902,955	8.31%
	Production volume	Nos.	972,522	868,480	11.98%
	Inventory	Nos.	777,015	782,514	-0.70%

Reasons for the YoY change of more than 30% in relevant data

Not applicable

(4) Performance of major sales contracts and major procurement contracts signed by the Company as of the reporting period

Not applicable

(5) Composition of operating costs

Industry and product classification

Unit: yuan

Industry classification	Item	2024		2023		YoY increase/decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Watch business	Merchandise procurement cost	2,080,768,868.69	84.03%	2,481,853,312.97	85.42%	-16.16%
	Raw material	214,145,376.12	8.65%	239,031,937.74	8.23%	-10.41%

Unit: yuan

Product classification	Item	2024		2023		YoY increase/decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Full service business of luxury watches	Merchandise procurement cost	2,080,768,868.69	84.03%	2,481,853,312.97	85.42%	-16.16%
Watch brand business	Raw material	214,145,376.12	8.65%	239,031,937.74	8.23%	-10.41%

(6) Whether the scope of consolidation changed during the reporting period

No

(7) Information about significant changes or adjustments in COOEC's business, products or services during the reporting period

Not applicable

(8) Major sales customers and major suppliers

Major sales customers of FIYTA

Total sales amount from top five customers (yuan)	829,086,732.66
Proportion of total sales amount from top five customers in total annual sales	21.04%
Proportion of sales of related parties in the sales from top five customers to the total annual sales	0.00%

Top 5 customers of the Company

No.	Customer name	Sales amount (yuan)	Proportion in total annual sales
1	First place	242,985,550.36	6.17%
2	Second place	169,435,204.94	4.30%
3	Third place	160,738,418.61	4.08%
4	Fourth place	133,662,363.38	3.39%
5	Fifth place	122,265,195.37	3.10%
Total	--	829,086,732.66	21.04%

Other information of main customers

Not applicable

Main suppliers

Total procurement amount from top five suppliers (yuan)	1,916,849,035.55
Proportion of the total procurement amount from the top five suppliers in the total annual procurement amount	81.18%
Proportion of the procurement amount of related parties in the procurement amount from top five suppliers to the total annual procurement amount	0.00%

Information of top 5 suppliers

No.	Supplier name	Procurement amount (yuan)	Proportion in total annual procurement
1	First place	964,836,795.24	40.86%
2	Second place	541,758,611.60	22.94%
3	Third place	164,093,247.92	6.95%
4	Fourth place	148,438,639.92	6.29%
5	Fifth place	97,721,740.87	4.14%
Total	--	1,916,849,035.55	81.18%

Other information of main suppliers

Not applicable

3. Expenses

Unit: yuan

	2024	2023	YoY increase/decrease	Description of significant changes
Selling expenses	882,777,806.63	924,009,179.32	-4.46%	Not applicable
Administrative expenses	183,277,930.17	205,359,277.24	-10.75%	Not applicable
Financial expenses	17,924,871.34	21,469,772.77	-16.51%	Not applicable
Research and development expenses	56,000,000.18	57,802,244.08	-3.12%	Not applicable

4. R&D investment

Main R&D projects	Project purpose	Project progress	Objectives to be achieved	Expected impact on the Company's future development
A series of new products with FIYTA brand characteristics	To provide the market with innovative products with brand characteristics of aerospace theme elements	Annual tasks completed	To develop multiple series of new products with FIYTA brand characteristics of aerospace theme, and market them as planned	Provide innovative products
Development of innovative structures, materials and processes for new products	To improve the performance and market competitiveness of new products	Annual tasks completed	To carry out structural innovative design, new material application research and process innovation according to the development requirements of aerospace-themed new products, so as to improve product performance and expand functions	To improve the performance and market competitiveness of new products
Development of mechanical watch movements with distinctive brand features	To improve the performance and market competitiveness of new products	Annual tasks completed	To meet the needs of brand differentiation and product innovation, develop mechanical watch movements and key parts with special functions and indication methods, and realize new product applications	To improve the performance and market competitiveness of new products
Development of special watches for manned space flight	To provide special watches for the manned space flight	Annual tasks completed	To develop and deliver special watches according to the requirements of manned space missions	To provide special watches for the manned space flight
Smart watch products with functions such as sports and health, human body sign monitoring and various daily applications	To improve the performance and market competitiveness of new products	Annual tasks completed	To carry out the research and development of core functions and data analysis solutions of smart wearable products, the research and development of technical solutions combining mechanical watches and smart watches, etc., and apply relevant research to new products	To improve the performance and market competitiveness of new products

R&D personnel

	2024	2023	Change
Number (person)	136	119	14.29%
Proportion	3.73%	2.81%	0.92%
Educational structure of R&D personnel			
Undergraduate	73	62	17.74%
Master degree	20	18	11.11%
Doctor degree	1	2	-50.00%
College or below	42	37	13.51%
Age structure			
Under 30 years old	34	28	21.43%

30-40 years old	60	64	-6.25%
Over 40 years old	42	27	55.56%

R&D investment

	2024	2023	Change
R&D investment amount (yuan)	56,000,000.18	57,802,244.08	-3.12%
Proportion of R&D investment in operating income	1.42%	1.26%	0.16%
Capitalization amount of R&D investment (yuan)	0.00	0.00	0.00%
Proportion of capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

Reasons and impact of major changes in the composition of R&D personnel

Not applicable

Reasons for significant changes in the proportion of total R&D investment in operating income compared with the previous year

Not applicable

Reasons for significant changes in the capitalization rate of R&D investment and their rationality

Not applicable

5. Cash flow

Unit: yuan

Item	2024	2023	YoY increase/decrease
Sub-total of cash inflows from operating activities	4,389,078,476.62	5,095,999,854.92	-13.87%
Sub-total of cash outflows from operating activities	3,852,347,516.33	4,463,598,366.94	-13.69%
Net cash flows from operating activities	536,730,960.29	632,401,487.98	-15.13%
Subtotal of cash inflows from investing activities	207,107,067.71	1,778,284.57	11,546.45%
Sub-total of cash outflows from investing activities	317,998,568.53	91,104,776.03	249.05%
Net cash flows from the investing activities	-110,891,500.82	-89,326,491.46	-24.14%
Subtotal of cash inflows from financing activities	323,957,187.86	250,000,000.00	29.58%
Sub-total of cash outflows from financing activities	735,302,707.60	602,163,687.52	22.11%
Net cash flows from financing activities	-411,345,519.74	-352,163,687.52	-16.81%
Net increase of cash and cash equivalents	14,325,023.78	190,890,764.07	-92.50%

Description of main influencing factors of significant YoY changes in relevant data

Cash inflows and outflows from investing activities changed significantly YoY, which is mainly due to the increase in time deposits.

Reasons for significant difference between net cash flows from operating activities of the Company during the reporting period and net profit of the current year

Not applicable

V. Analysis of non-main business

Not applicable

VI. Analysis of assets and liabilities

1. Major changes in the composition of assets

Unit: yuan

	As at the end of 2024		Early 2024		Increase or decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	518,954,177.49	12.95%	504,629,153.71	12.00%	0.95%	Not applicable
Accounts receivable	260,152,834.43	6.49%	323,142,761.64	7.69%	-1.20%	Not applicable
Contract assets	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Inventories	1,984,486,969.74	49.52%	2,100,666,175.28	49.97%	-0.45%	Not applicable
Investment properties	301,002,364.41	7.51%	360,255,832.14	8.57%	-1.06%	Not applicable
Long-term equity investments	50,907,036.84	1.27%	51,862,607.30	1.23%	0.04%	Not applicable
Fixed assets	377,568,144.41	9.42%	355,785,354.68	8.46%	0.96%	Not applicable
Construction in progress	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Right-of-use assets	98,437,976.41	2.46%	109,452,481.64	2.60%	-0.14%	Not applicable
Short-term borrowings	124,087,754.51	3.10%	250,187,763.87	5.95%	-2.85%	Not applicable
Contract liabilities	12,605,722.95	0.31%	12,286,243.62	0.29%	0.02%	Not applicable
Long-term borrowings	0.00	0.00%	0.00	0.00%	0.00%	Not applicable
Lease liabilities	35,065,292.04	0.87%	43,526,352.52	1.04%	-0.17%	Not applicable

High proportion of overseas assets

Not applicable

2. Assets and liabilities measured at fair value

Not applicable

3. Restrictions status on assets rights as of the end of the reporting period

Not applicable

VII. Analysis of investment status

1. General situation

Investment amount during the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Change range
0.00	80,000,000.00	-100.00%

2. Significant equity investment acquired during the reporting period

Not applicable

3. Significant non-equity investments in progress during the reporting period

Not applicable

4. Investment in financial assets

(1) Securities investment situation

Not applicable

(2) Derivatives investment situation

Not applicable

5. Use of raised funds

Not applicable

VIII. Sale of major assets and equity

1. Sale of major assets

Not applicable

2. Sale of significant equity

Not applicable

IX. Analysis of major holding and participating companies

Major subsidiaries and joint-stock companies with an impact of more than 10% on the company's net profit

Unit: yuan

Name of the company	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Harmony World Watch Centre Co., Ltd.	Subsidiaries	Purchase and sale of clocks, watches and spare parts, and maintenance services.	600,000,000	1,994,673,835.63	1,124,696,669.99	2,864,961,918.35	224,615,059.28	169,967,233.08
FIYTA Sales Co., Ltd.	Subsidiaries	Design, R&D and sales of clocks and watches and spare parts.	450,000,000	430,580,717.99	322,904,281.38	408,216,929.14	-12,978,662.66	-9,983,669.33
Shenzhen FIYTA Precision Technology Co., Ltd.	Subsidiaries	Manufacture clocks and watches and spare parts.	180,000,000	290,546,321.79	217,910,085.80	328,399,825.27	4,137,027.52	7,634,783.28
Shenzhen FIYTA STD Co., Ltd.	Subsidiaries	Production and processing of precision spare parts.	50,000,000	194,063,771.01	170,826,371.10	153,673,661.62	6,762,026.36	6,999,097.67
FIYTA (HONG KONG) LIMITED	Subsidiaries	Trade and investment in watches, clocks and accessories.	137,737,520	264,479,035.44	253,422,394.80	73,498,904.56	5,703,019.60	5,688,824.76
Emile Chouriet Horologe (Shenzhen) Co., Ltd.	Subsidiaries	Design, R&D and sales of clocks and watches and spare parts.	41,355,200	138,401,065.89	54,609,576.57	60,923,662.03	7,072,008.60	4,575,371.28

Acquisition and disposal of subsidiaries during the reporting period

Not applicable

Description of main holding and participating companies

1. The net profit of Shenzhen Harmony World Watch Centre Co., Ltd. decreased year-on-year, primarily due to a decline in sales revenue from the Full service business of luxury watches.

2. The net profit of Shenzhen Flyta Precision Technology Co., Ltd. decreased year-on-year, mainly due to a decrease in sales revenue from the watch brand business, an increase in inventory impairment losses, and other reasons.

X. Structured entities controlled by the company

Not applicable

XI. Structured entities controlled by the company

(I) Future development strategy

In 2025, the Company will continue to follow the guiding principle of "high-quality development", to expand the watch industry and improve its core competitiveness, and accelerate the development of new industries, enhance core functions, and do a solid job in the following:

1. Consolidate the brand positioning and improve the comprehensive competitiveness of the brand

The "FIYTA" brand will remain as a "high-quality Chinese watch brand featuring aerospace watch". By adhering to the "national tide" direction, the Company will strengthen product innovation design, promote the IP linkage between the brand and aerospace and "Pillars of a Great Power", and create product differentiation. In addition, the Company will strengthen precision marketing planning, rely on online media and offline channels, to expand the brand influence, and integrate aviation culture and traditional Chinese culture into the brand story in an all-round way.

2. Deepen channel operation and promote the integrated development of online and offline channels

In terms of the watch business, the channel and brand structure will be optimized constantly, and the focus will be on the development of core high-quality channels and medium- and high-end brands; the lean operation of offline channels and the combination of product and marketing of online channels will be enhanced, to promote the integrated development of online and offline channels, and explore opportunities for channel and brand resource integration in an orderly manner.

3. Increase R&D investment and improve scientific and technological attributes

The Company will increase investment in the domestication of movements, the development of high-end customized movements such as tourbillons and key components, integrate aerospace characteristic technologies and material applications, and improve scientific and technological attributes.

4. Accelerate transformation and upgrading, and vigorously develop new industries

Under the principle of "shared technology, shared industry roots, and aligned value", the Company will vigorously develop strategic emerging industries such as precision technology business and smart wearable business, continue to build core capabilities, and improve the overall business scale.

(II) Possible risks and countermeasures

1、Consumer market risk

At present, the Company is encountering multiple market risks such as sluggish domestic traditional watch consumer demand, consumer outflow and consumer preference shift. In this regard, the Company will consolidate the positioning of brand characteristics, improve the aerospace quality of products, impress consumers with perceptible distinctive characteristics, and organically combine aerospace culture with Chinese traditional culture, so as to obtain the recognition of target consumer groups. The Company will deeply cultivate the refined operation of channels, and improve the full life cycle management and service capabilities of consumers, and enhance consumer stickiness. Additionally, The Company will seize market opportunities and actively explore businesses related to overseas markets and duty-free markets.

2、Core technology risk

At present, the Company is encountering multiple technical challenges in the production and manufacturing of traditional watch movements and key components, intelligent wearable systems and function iteration, and extensive in-depth application of digitalization. In this regard, the Company will increase investment in core technologies, promote core technologies in the research and development of movement and key components, the development and integration of intelligent software and hardware, and the application of AI and other cutting-edge technologies, strengthen the introduction and retention of key technical talents, and improve the overall scientific and technological innovation ability, so as to empower high-quality business development.

XII. Reception, survey, communication, interview and other activities during the reporting period

Reception time	Reception place	Reception mode	Object type	Reception object	Main contents discussed and information provided	Index of basic information of the survey
March 18, 2024	Network and conference room of FIYTA Technology Building	Others	agencies	Shenwan Hongyuan Securities Co., Ltd., Fullgoal Fund Management Company Limited	Company operation and development planning, etc.	https://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&orgId=gssz0000026
March 22, 2024	https://eseb.cn/1cFKiOE1oVq	Online communication on the network platform	Others	Investors who participated in the Company's 2023 Online Performance Briefing online	Company operation and development planning, etc.	
June 6, 2024	Conference room of FIYTA Technology Building	Field survey	agencies	Eastmoney Securities Co., Ltd., Yuekai Securities Co., Ltd., Jingyuan Tiancheng Investment Consultants Co., Ltd., Mozhu Private Equity Fund Management Co., Ltd., Shenzhen Flying Tiger Investment & Management Co.,Ltd., Shenzhen Qianhai Huirongfeng Capital Management Co.,Ltd.,	Company operation and development planning, etc.	

				Shenzhen Qiancun Investment Consulting Co., Ltd., and Luyan Guangnian Company		
October 30, 2024	Telephone and web conference	Telephone communication	agencies	Shenwan Hongyuan Securities Co., Ltd., Founder Securities Co., Ltd., and China Asset Management Co., Ltd.	Company operation and development planning, etc.	
December 3, 2024	Conference room of FIYTA Technology Building	Field survey	agencies	Fullgoal Fund Management Company Limited	Company operation and development planning, etc.	
December 9, 2024	Conference room of FIYTA Technology Building	Field survey	agencies	Hongsike Asset Management (Beijing) Co., Ltd.	Company operation and development planning, etc.	
December 12, 2024	"Quanjing Luyan" website, WeChat official account, and APP	Online communication on the network platform	Others	Investors participating in the online collective reception day for investors	Company operation and development planning, etc.	

XIII. Formulation and implementation of market value management system and valuation boost plan

Whether the Company has established a market value management system.

No

Whether the Company has disclosed plans for valuation boost.

No

XIV. Implementation of the action plan of "double improvement of quality and return"

Whether the company has disclosed the announcement of the action plan of "double improvement of quality and return".

No

Section 4 Corporate governance

I. Basic conditions of corporate governance

In 2024, the Company continued to improve its corporate governance structure in strict accordance with the requirements of the Company Law, the Securities Law and the normative documents issued by the CSRC on the governance of listed companies, and made efforts to enhance the construction of modern enterprise systems and improve the standard operation level of the Company. As a result, the corporate governance complied with the relevant regulations of the CSRC.

In strict accordance with the Company Law and other laws, regulations, normative documents and the Articles of Association, the Company has established and improved a standardized corporate governance structure and rules of procedure, formed a decision-making and operation management system with the Board of Shareholders, the Board of Directors, the Board of Supervisors and the Company's managers as the main body, and performed various duties stipulated in the Company Law and the Articles of Association according to the law.

The Board of Shareholders, serving as the Company's organ of authority, is responsible for electing and replacing directors and supervisors, deciding on their remuneration, approving reports of the Board of Directors, reports of the Board of Supervisors, the Company's profit distribution plan, equity incentive plan and so on, and for making resolutions on major matters such as the Company's capital increase and decrease, the issuance of corporate bonds, the Company's merger, division, dissolution, liquidation or change of corporate form, and the amendment of the Articles of Association.

The Board of Directors, playing the role of "determining strategies, making decisions and preventing risks", is responsible for implementing the resolutions of the Board of Shareholders, convening the Board of Shareholders and reporting to it. In addition, the Board of Directors is responsible for deciding the Company's external investment, asset acquisition and sale, asset mortgage, external guarantee, related party transactions and other matters within the scope authorized by the Board of Shareholders, making decisions on the establishment of the Company's internal management organization and branches, and for appointing or dismissing the Company's general manager, secretary of the Board of Directors and other senior officers. The Board of Directors consists of nine directors, including three independent directors, and has a strategy and ESG committee, an audit committee and a nomination, remuneration and appraisal committee.

The Board of Supervisors is responsible for reviewing the Company's regular reports, checking the Company's financial situation, supervising the directors and senior officers to perform their duties in accordance with the law, and proposing the dismissal of directors and senior officers who violate laws, administrative regulations, the Articles of Association or resolutions of the Board of Shareholders. The Board of Supervisors consists of three supervisors, including an employee representative supervisor.

The managers are responsible for "operation, implementation and management". The general manager is responsible to the Board of Directors, presides over the production and operation management under the leadership of the Board of Directors, organizes the implementation of the Board of Directors' resolutions within the scope of authorization of the Board of Directors and reports to the Board. Besides, the general manager is responsible for organizing the implementation of the Company's annual development plan and business plan, proposing the investment scheme and plan, annual financial budget plan, final account plan, profit distribution plan and loss recovery plan, the capital increase and decrease plan, etc.

Whether the actual corporate governance significantly conflicts with the laws, administrative regulations and CSRC regulations on the governance of listed companies

No

II. The Company's independence from the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization, business, etc.

The Company and the controlling shareholder have achieved the "five separations" in terms of business, personnel, assets, organization and finance, and the Company has independent and complete business and independent operation ability.

Business: The Company is mainly engaged in the watch industry, with independent production, auxiliary production, supporting facilities and procurement and sales systems, and there is no horizontal competition between the Company and the controlling shareholder.

Personnel: The Company has an independent organization and a sound system regarding labor, personnel and wage management. Except for the directors Mr. Wang Bo, Mr. Li Peiyin, Mr. Deng Jianghu, Mr. Guo Gaohang, Madam Hu Min, the chairman of the board of supervisors, and Mr. Yuan Tianbo, the supervisor, who serve in shareholder entities, other directors and senior officers hold no dual posts in shareholder entities, and financial personnel hold no part-time posts in affiliates.

Assets: The Company and the controlling shareholder have clearly established property rights, and enjoy independent legal person property rights over the Company's assets. The Company's assets are fully independent of the controlling shareholder, and the Company independently owns trademarks such as "FIYTA" and "Harmony".

Organization: The Board of Directors, Board of Supervisors and other internal organizations of the Company are sound and operate independently, and there is no subordination or co-location with the functional departments of the controlling shareholder. The controlling shareholder exercises its rights and assumes corresponding obligations in accordance with the law, and has not directly or indirectly intervened in the Company's business activities by exceeding the authority of the Board of Shareholders.

Finance: The Company has set up an independent financial department, established a sophisticated and independent financial accounting system and financial management system, and opened an account in the bank independently. The controlling shareholder has not interfered with the Company's financial accounting activities.

III. Horizontal competition

Not applicable

IV. Information on the annual general meeting and extraordinary general meeting held during the reporting period

1. General meeting of shareholders during the reporting period

Session	Type of meeting	Investor Proportion	Date of meeting	Disclosure date	Resolutions made at the meeting

		of participation			
2023 Annual General Meeting	Annual general meeting	42.01%	April 18, 2024	April 19, 2024	For details, please refer to the Announcement on Resolutions of the 2023 Annual General Meeting 2024-016 disclosed by the Company on the CNINFO website.
The first extraordinary general meeting in 2024	Extraordinary general meeting	43.48%	September 6, 2024	September 7, 2024	For details, please refer to the Announcement of the Resolution of the First Extraordinary General Meeting in 2024 No. 2024-034 disclosed by the Company on the CNINFO website.
The second extraordinary general meeting in 2024	Extraordinary general meeting	41.09%	November 28, 2024	November 29, 2024	For details, please refer to the Announcement of the Resolution of the Second Extraordinary General Meeting in 2024 No. 2024-044 disclosed by the Company on the CNINFO website.

2. Preferred shareholders with restored voting rights request to convene a temporary general meeting

Not applicable

V. Members of the directors, supervisors and senior officers

1. Basic information

Name	Gender	Age	Title	Employment status	Beginning date of term	Ending date of term	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares reduced in the current period (shares)	Other increases and decreases (shares)	Number of shares held at the end of the period (shares)	Reasons for changes in share increase or decrease
Zhang Xuhua	Male	48	Chairman	Incumbent	July 1, 2021	September 5, 2027	0	0	0	0	0	
Wang Bo	Male	46	Director	Incumbent	September 6, 2024	September 5, 2027	0	0	0	0	0	
Li Peiyin	Male	39	Director	Incumbent	February 24, 2021	September 5, 2027	0	0	0	0	0	
Deng Jianghu	Male	41	Director	Incumbent	September 8, 2021	September 5, 2027	0	0	0	0	0	
Guo Gaohang	Male	38	Director	Incumbent	December 28, 2023	September 5, 2027	0	0	0	0	0	
Pan Bo	Male	49	Director	Incumbent	February 24, 2021	September 5, 2027	230,050	0	0	0	230,050	Not applicable
			General manager	Incumbent	January 15, 2021	September 5, 2027						
Wang Susheng	Male	56	Independent director	Incumbent	September 6, 2024	September 5, 2027	0	0	0	0	0	
Wang Wenbo	Male	43	Independent director	Incumbent	September 6, 2024	September 5, 2027	0	0	0	0	0	
Cao Guangzhong	Male	57	Independent director	Incumbent	September 6, 2024	September 5, 2027	0	0	0	0	0	
Hu Min	Female	40	Chairman of the Board of Supervisors	Incumbent	Jan. 4, 2024	September 5, 2027	0	0	0	0	0	
			Supervisor	Incumbent	December 28,	September 5,						

					2023	2027						
Yuan Tianbo	Male	45	Supervisor	Incumbent	December 28, 2023	September 5, 2027	0	0	0	0	0	
Hu Jing	Female	54	Supervisor	Incumbent	September 7, 2021	September 5, 2027	9,000	0	0	0	9,000	
Lu Wanjun	Male	58	Deputy general manager	Incumbent	August 8, 2014	September 5, 2027	160,050	0	0	0	160,050	
			General counsel	Incumbent	October 25, 2021	September 5, 2027						
Liu Xiaoming	Male	54	Deputy general manager	Incumbent	17 October 2016	September 5, 2027	160,050	0	0	0	160,050	
Li Ming	Male	52	Deputy general manager	Incumbent	17 October 2016	September 5, 2027	160,090	0	0	0	160,090	
Song Yaoming	Male	58	Chief accountant	Incumbent	February 6, 2022	September 5, 2027	0	0	0	0	0	
			Secretary of the Board of Directors	Incumbent	April 21, 2022	September 5, 2027						
Tang Haiyuan	Male	52	Deputy general manager	Incumbent	September 29, 2019	September 5, 2027	107,550	0	0	0	107,550	
Xiao Yi	Male	51	Director	Resigned	February 24, 2021	September 6, 2024	0	0	0	0	0	
Wang Jianxin	Male	55	Independent director	Resigned	September 11, 2018	September 6, 2024	0	0	0	0	0	
Zhong Hongming	Male	50	Independent director	Resigned	September 11, 2018	September 6, 2024	0	0	0	0	0	
Tang Xiaofei	Male	51	Independent director	Resigned	September 11, 2018	September 6, 2024	0	0	0	0	0	
Total	--	--	--	--	--	--	826,790	0	0	0	826,790	--

Whether there was any resignation of directors and supervisors and dismissal of senior officers during the reporting period

No

(IV) Change in directors, supervisors and senior officers

Name	Position held	Type	Date	Reasons
Zhang Xuhua	Chairman	Be elected	September 6, 2024	Change of term
	Director	Be elected	September 6, 2024	Change of term
Wang Bo	Director	Be elected	September 6, 2024	Change of term
Li Peiyin	Director	Be elected	September 6, 2024	Change of term
Deng Jianghu	Director	Be elected	September 6, 2024	Change of term
Guo Gaohang	Director	Be elected	September 6, 2024	Change of term
Pan Bo	Director	Be elected	September 6, 2024	Change of term
	General manager	Employment	September 6, 2024	Change of term
Wang Susheng	Independent director	Be elected	September 6, 2024	Change of term
Wang Wenbo	Independent director	Be elected	September 6, 2024	Change of term
Cao Guangzhong	Independent director	Be elected	September 6, 2024	Change of term
Hu Min	Chairman of the Board of Supervisors	Be elected	September 6, 2024	Change of term
	Supervisor	Be elected	September 6, 2024	Change of term
Yuan Tianbo	Supervisor	Be elected	September 6, 2024	Change of term
Hu Jing	Employee supervisor	Be elected	August 26, 2024	Change of term
Lu Wanjun	Deputy general manager and general counsel	Employment	September 6, 2024	Change of term
Liu Xiaoming	Deputy general manager	Employment	September 6, 2024	Change of term
Li Ming	Deputy general manager	Employment	September 6, 2024	Change of term
Song Yaoming	Chief accountant and secretary of Board of Directors	Employment	September 6, 2024	Change of term
Tang Haiyuan	Deputy general manager	Employment	September 6, 2024	Change of term
Xiao Yi	Director	Resignation upon expiration of term	September 6, 2024	Change of term
Wang Jianxin	Independent director	Resignation upon expiration of term	September 6, 2024	Change of term
Zhong Hongming	Independent director	Resignation upon expiration of term	September 6, 2024	Change of term
Tang Xiaofei	Independent director	Resignation upon expiration of term	September 6, 2024	Change of term

2. Work performance information

Professional background, main work experience and current main responsibilities of the current directors, supervisors and senior officers

Mr. Zhang Xuhua, born in March 1977. He holds a Master Degree of Business Administration from Xi'an Jiaotong University and an EMBA from China Europe International Business School. He currently serves as the chairman of the Company. He once acted as the managing director, deputy general manager, assistant general manager, general manager of shopping center business department of Rainbow Digital Commercial Co., Ltd., general manager of Chengdu Company, director of commodity center, general manager of Dreams-On, general manager of AVIC Plaza Project, deputy manager of distribution center, and an employee of the marketing department of Shenzhen Vanke Fine Products Manufacturing Co., Ltd.

Mr. Wang Bo, born in July 1979, holds a Master Degree of Business Administration from Renmin University of China. He currently serves as a director of the Company, director of CPC organization department/human resources department of AVIC INNO, director of Shenzhen Shanghai Hotel, director of Shennan Circuit Co., Ltd., director of Tianma Microelectronics Co., Ltd., director of AVIC International Holdings (Zhuhai) Co., Ltd., and director of AVIC International Supply Chain Technology Co., Ltd. He once acted as the director of the human resources department of China Aviation Technology Shenzhen Co., Ltd., the director of human resources department of Shenzhen CATIC Real Estate Co., Ltd., the director of the human resources department of China Aviation Technology Shenzhen Co., Ltd., and the deputy secretary of the Party Committee and general manager of Grand Skylight Hotels Management Co., Ltd.

Mr. Li Peiyin, born in September 1986, is a certified public accountant and senior accountant. He holds a Master Degree in Accounting from Xiamen University and an MBA from Missouri State University. He currently serves as a director of the Company, the head of the financial management department of AVIC INNO, the director of AVIC International Supply Chain Technology Co., Ltd., the director of Shennan Circuits Co., Ltd., the director of Tianma Microelectronics Co., Ltd., the director of Continental Aerospace Technologies Holding Limited, and the director of Continental Aerospace Technologies Group Co., Ltd.

Mr. Deng Jianghu, born in July 1984, holds a Master Degree in Business Administration from Northeast Normal University. He currently serves as a director of the Company, the director of the operation management department of AVIC INNO, the director of Tianma Microelectronics Co., Ltd., the director of Shennan Circuits Co., Ltd., the director of AVIC Huadong Photoelectric Co., Ltd., and the chairman of Castic-SMP Machinery Corp. Ltd. He once acted as the manager and deputy manager of the planning and operation department of the Company, the director of the modern service industry office of China Aviation Technology Shenzhen Co., Ltd., and the senior project manager of strategic operation management of the strategic development department of Shennan Circuits Co., Ltd.

Mr. Guo Gaohang, born in March 1987, holds a Master Degree in Materials Physics and Chemistry from Harbin Institute of Technology. He currently serves as a director of the Company, the deputy director of the planning and development department of AVIC INNO (leading), a director of AVIC International Supply Chain Technology Co., Ltd., a director of Tianma Microelectronics Co., Ltd., a director of Shennan Circuits Co., Ltd., and a director of Rainbow Digital Commercial Co., Ltd. He once acted as strategic operation management project manager of planning and operation department of China Aviation Technology Shenzhen Co., Ltd., senior semiconductor industry analyst and semiconductor industry analyst of TrendForce Consulting (Shenzhen) Co., Ltd., and packaging and testing process design engineer of Shenzhen STS Microelectronics Co., Ltd.

Mr. Pan Bo, born in March 1976, is an engineer. He holds a Bachelor Degree in Mechanical and Electrical Engineering from the Beijing University of Aeronautics and Astronautics and an EMBA from China Europe International Business School. He currently serves as the Managing Director of the Company. He once acted as the deputy general manager, secretary of the Board of Directors and assistant to the general manager of the Company, the general manager, deputy general manager, assistant to the general manager, manager of the sales department and manager of the logistics department of FIYTA Sales Co., Ltd.

Mr. Wang Susheng, born in March 1969, is a certified public accountant, a doctor of law from Peking University, and holds an MBA from University of Chicago. He currently serves as an independent director of the Company, a professor of Southern University of Science and Technology, and an independent director of Changyuan Technology Group Ltd., Dowell Service Urban Operation Service Group Co., Ltd. (02352.HK) and CALB Group Co., Ltd. (03931.HK). He once acted as the director and professor of the economic management department of Harbin Institute of Technology (Shenzhen Graduate School), and the director of CDB Sino-Swiss Venture Capital Fund Management Co., Ltd.

Mr. Wang Wenbo, born in December 1982, holds a Doctoral Degree in Marketing from New York University. He currently serves as an independent director of the Company, an associate professor, tenured professor and doctoral supervisor of the Business School of the Hong Kong University of Science and Technology. He once acted as a professor of WeBank × Joint Laboratory Scientific Committee on Artificial Intelligence of Hong Kong University of Science and Technology, and a technical expert consultant of many leading companies in the industry.

Mr. Cao Guangzhong, born in May 1968, holds a Doctoral Degree in Mechatronic Engineering from Xi'an Jiaotong University. He currently serves as an independent director of the Company, a professor of Shenzhen University, an independent director of Shenzhen Colibri Technologies Co., Ltd. and Shenzhen Sinvo Automation Co., Ltd., a standing member of the Computer Application Federation of China Instrument and Control Society, a standing director of Guangdong Automation Society, a director of Guangdong Artificial Intelligence and Robotics Society, a vice chairman of Shenzhen Robotics Association, and a science and technology review expert of the National Natural Science Foundation of China, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and Guangdong Province. He once acted as an associate professor of Mechatronics at Xi'an Jiaotong University and a postdoctoral researcher at Korea Advanced Institute of Science and Technology (KAIST).

Madam Hu Min, born in May 1985, is an economist and holds a Master Degree in Civil Procedure Law from Peking University. She currently serves as the chairman of the Board of Supervisors of the Company, the chief auditor of AVIC INNO, the head of the audit and legal Department, the director of AVIC International Supply Chain Technology Co., Ltd., the director of AVIC International Holding Limited, the director of China Aviation Technology Beijing Co., Ltd., the supervisor of Shennan Circuits Co., Ltd., the supervisor of Rainbow Digital Commercial Co., Ltd., and the supervisor of Tianma Microelectronics Co., Ltd. She once acted as the general counsel and general manager of the legal affairs and discipline inspection audit department, the deputy general counsel and general manager of the legal affairs and contract management department, the general manager of legal affairs and contract management and audit supervision department, the deputy general manager of the legal affair and contract management department of China National Aero-technology International Engineering Corporation.

Mr. Yuan Tianbo, born in October 1980, is an economist and holds a Master Degree in Management Science and Engineering from Northwestern Polytechnical University. He currently serves as the supervisor of the Company, the deputy director of the discipline inspection department of AVIC INNO (leading), and the director of Boyu Dongfang Co., Ltd. He once acted as the deputy general manager (in charge of work) and general manager assistant of Boyu Dongfang Co., Ltd., general manager and deputy general manager of China Aviation Technology Qinghai Co., Ltd., director of the administration and human resources department and director of the development department of Boyu Dongfang Co., Ltd., and the recruitment management post of the human resource department of China Aviation Technology Shenzhen Co., Ltd.

Madam Hu Jing, born in September 1971, is an accountant and holds a Bachelor Degree in Accounting from Jiangxi University of Finance and Economics. She currently serves as the employee representative supervisor and senior tax manager of the finance department of the Company. She once acted as the senior business manager of the audit department, the fund manager of the finance department and the tax supervisor of the Company.

Mr. Lu Wanjun, born in February 1967, is an accountant and holds an EMBA from China Europe International Business School. He currently serves as the deputy general manager and general counsel of the Company. He once acted as the assistant to the general manager of the Company, the executive deputy general manager, deputy general manager, assistant to the general manager and manager of the financial department of Shenzhen Harmony World Watch Centre Co., Ltd.

Mr. Liu Xiaoming, born in July 1971, is an engineer and economist. He holds a Bachelor Degree in Manufacturing Engineering from the Beijing University of Aeronautics and Astronautics and an EMBA from China Europe International Business School. He currently serves as the deputy general manager of the Company. He once acted as the assistant to the general manager of the Company, the deputy general manager and assistant to the general manager of Shenzhen Harmony World Watch Centre Co., Ltd.

Mr. Li Ming, born in September 1973. He holds a Bachelor Degree in Marketing from Zhongnan University of Finance and Economics and an EMBA from China Europe International Business School. He currently serves as the deputy general manager of the Company. He once acted as the assistant general manager and director of human resources department of the Company, deputy general manager, assistant general manager and manager of human resources department of Shenzhen Harmony World Watch Centre Co., Ltd.; the director of human resources and general manager of marketing center of CNC Shenzhen Branch; the key account manager and market planning manager of Shenzhen Branch of China Telecom.

Mr. Song Yaoming, born in July 1967, is a senior accountant, and holds a Master Degree in Economics from Shaanxi University of Finance and Economics, and an EMBA from China Europe International Business School. He currently serves as the chief accountant and secretary of the Board of Directors of the Company. He once acted as the deputy general manager and chief accountant of Rainbow Digital Commercial Co., Ltd., the director of Shenzhen Aoxuan Investment Co., Ltd., the director of Shenzhen Aoer Investment Development Co., Ltd., and the deputy manager and accountant of the financial department of Shenyang Jinbei Automobile Co., Ltd.

Mr. Tang Haiyuan, born in February 1973, is a senior engineer. He holds a Bachelor Degree in Plastic Forming Technology and Equipment from Hefei University of Technology and an EMBA from China Europe International Business School. He currently serves as the deputy general manager of the Company. He once acted as the general manager, deputy general manager, assistant general manager, manager of quality department, manager and deputy manager of engineering technology department of Shenzhen FIYTA Precision Timing Manufacturing Co., Ltd., and assistant general manager of technology and manager of technology department of Shenzhen FIYTA STD Co., Ltd.

Positions held in shareholders

Name	Shareholders' name	Positions held in shareholders	Beginning date of term	Ending date of term	Whether to receive remuneration allowance from the shareholder unit
Wang Bo	AVIC INNO Co., Ltd.	Director of CPC organization department/human resources department	January 8, 2025		Yes
Li Peiyin	AVIC INNO Co., Ltd.	Director of financial management department	January 8, 2025		Yes
Deng Jianghu	AVIC INNO Co., Ltd.	Director of Operations Management Department.	January 8, 2025		Yes
Guo Gaohang	AVIC INNO Co., Ltd.	Deputy director of the planning and development department (leading)	January 8, 2025		Yes

Hu Min	AVIC INNO Co., Ltd.	Chief auditor, head of audit and legal department	January 8, 2025		Yes
	AVIC International Holding Limited	Director	January 3, 2025		No
Yuan Tianbo	AVIC INNO Co., Ltd.	Deputy director of discipline inspection department (leading)	January 8, 2025		Yes
Description of the positions held in shareholders	Not applicable				

Position in other entities

Name	Other units Name	Positions held in other entities	Beginning date of term Date	Termination of term Date	Whether to receive remuneration allowances from other organizations
Wang Bo	Shenzhen Shanghai Hotel	Director	January 10, 2018		No
	Shennan Circuits Co., Ltd.	Director	November 13, 2024		No
	Tianma Microelectronics Co., Ltd.	Director	November 18, 2024		No
	AVIC International Holdings (Zhuhai) Co., Ltd.	Director	January 3, 2025		No
	AVIC International Supply Chain Technology Co., Ltd.	Director	January 3, 2025		No
Li Peiyin	AVIC International Supply Chain Technology Co., Ltd.	Director	March 17, 2021		No
	Continental Aerospace Technologies Group Co., Ltd.	Director	March 29, 2021		No
	Shennan Circuits Co., Ltd.	Director	April 6, 2021		No
	Continental Aerospace Technologies Holding Limited	Director	April 1, 2022		No
	Tianma Microelectronics Co., Ltd.	Director	July 8, 2022		No
Deng Jianghu	Tianma Microelectronics Co., Ltd.	Director	November 29, 2021		No
	Shennan Circuits Co., Ltd.	Director	April 7, 2022		No
	AVIC Huadong Photoelectric Co., Ltd.	Director	November 27, 2023		No
	Castic-SMP Machinery Corp. Ltd.	Chairman	December 30, 2024		No
Guo Gaohang	AVIC International Supply Chain Technology Co., Ltd.	Director	November 27, 2023		No
	Tianma Microelectronics Co., Ltd.	Director	March 6, 2024		No
	Shennan Circuits Co., Ltd.	Director	April 18, 2024		No
	Rainbow Digital Commercial Co., Ltd.	Director	October 15, 2024		No
Wang Susheng	Southern University of Science and Technology	Professor	April 1, 2017		Yes
	Dowell Service Urban Operation Service Group Co., Ltd. (02352.HK)	Independent director	December 13, 2020		Yes

	Changyuan Technology Group Ltd.	Independent director	August 9, 2021		Yes
	CALB Group Co., Ltd. (03931.HK)	Independent director	October 6, 2022		Yes
Wang Wenbo	HKUST Business School	Associate professor, tenured professor, and doctoral supervisor	July 2, 2018		Yes
Cao Guangzhong	Shenzhen University	Professor	February 29, 2000		Yes
	Shenzhen Colibri Technologies Co., Ltd.	Independent director	October 15, 2019		Yes
	Shenzhen Sinvo Automation Co., Ltd.	Independent director	October 16, 2020		Yes
Hu Min	AVIC International Supply Chain Technology Co., Ltd.	Director	July 20, 2022		No
	China Aviation Technology Beijing Co., Ltd.	Director	January 3, 2025		No
	Shennan Circuits Co., Ltd.	Supervisor	April 18, 2024		No
	Rainbow Digital Commercial Co., Ltd.	Supervisor	October 15, 2024		No
	Tianma Microelectronics Co., Ltd.	Supervisor	February 26, 2025		No
Yuan Tianbo	Boyu Dongfang Co., Ltd.	Director	August 1, 2022		No
Explanation of serving in other entities	Not applicable				

Punishments imposed by securities regulators on the Company's incumbent directors, supervisors and senior officers and those who left their posts during the reporting period in the past three years

Not applicable

3. Remuneration of directors, supervisors and senior officers

Decision-making procedures, basis for determination and actual payment of remuneration of directors, supervisors and senior officers

In terms of the remuneration of internal directors and senior officers of the Company, an annual salary system is adopted, with the structure of basic annual salary and performance annual salary. The remuneration of internal directors is implemented after the approval by the Board of Shareholders, and the remuneration of senior officers is determined after the approval by the Board of Directors. The senior officers are assessed in accordance with the Management Measures for the Assessment of Operating Performance of Managers and the Management Measures for the Remuneration of Managers.

Except for independent directors who receive allowances from the Company, other external directors and shareholder representative supervisors receive no remuneration from the Company. The remuneration of employee representative supervisors is determined in accordance with the Company's employee remuneration management measures.

Remuneration of directors, supervisors and senior officers of the Company during the reporting period

Unit: RMB'0,000

Name	Gender	Age	Title	Employment status	Total compensation before tax received from the Company	Whether get paid from related parties of COOEC
Zhang Xuhua	Male	48	Chairman	Incumbent	206.47	No
Wang Bo	Male	46	Director	Incumbent	0	Yes
Li Peiyin	Male	39	Director	Incumbent	0	Yes
Deng Jianghu	Male	41	Director	Incumbent	0	Yes
Guo Gaohang	Male	38	Director	Incumbent	0	Yes
Pan Bo	Male	49	Managing director	Incumbent	182.92	No
Wang Susheng	Male	56	Independent director	Incumbent	2.86	No
Wang Wenbo	Male	43	Independent director	Incumbent	2.86	No
Cao Guangzhong	Male	57	Independent director	Incumbent	2.86	No
Hu Min	Female	40	Chairman of the Board of Supervisors	Incumbent	0	Yes
Yuan Tianbo	Male	45	Supervisor	Incumbent	0	Yes
Hu Jing	Female	54	Employee supervisor	Incumbent	43.19	No
Lu Wanjun	Male	58	Deputy general manager and general counsel	Incumbent	182.38	No
Liu Xiaoming	Male	54	Deputy general manager	Incumbent	229.38	No
Li Ming	Male	52	Deputy general manager	Incumbent	175.99	No
Song Yaoming	Male	58	Chief accountant and secretary of Board of Directors	Incumbent	180.76	No
Tang Haiyuan	Male	52	Deputy general manager	Incumbent	178.97	No
Xiao Yi	Male	51	Director	Resigned	0	Yes
Wang Jianxin	Male	55	Independent director	Resigned	5.39	No
Zhong Hongming	Male	50	Independent director	Resigned	5.39	No
Tang Xiaofei	Male	51	Independent director	Resigned	5.39	No
Total	--	--	--	--	1,404.81	--

Other circumstances

Not applicable

VI. Duty fulfillment of the directors during the reporting period

1. Information on the Board of Directors during the reporting period

Session	Date of meeting	Disclosure date	Resolutions made at the meeting
The 17th meeting of the 10th Board of Directors	Jan. 4, 2024	January 6, 2024	For details, please refer to the Announcement on the 17th Meeting of the 10th Board of Directors 2024-002 disclosed by the Company on the CNINFO website.
The 18th meeting of the 10th Board of Directors	March 12, 2024	Mar. 14, 2024	For details, please refer to the Announcement on the 18th Meeting of the 10th Board of Directors 2024-006 disclosed by the Company on the CNINFO website.
The 19th meeting of the 10th Board of Directors	April 23, 2024	April 25, 2024	For details, please refer to the Announcement on the 19th Meeting of the 10th Board of Directors 2024-018 disclosed by the Company on the CNINFO website.
The 20th meeting of the 10th Board of Directors	August 19, 2024	August 21, 2024	For details, please refer to the Announcement on the 20th Meeting of the 10th Board of Directors 2024-024 disclosed by the Company on the CNINFO website.
The first meeting of the 11th Board of Directors	September 6, 2024	September 7, 2024	For details, please refer to the Announcement on the 1st Meeting of the 11th Board of Directors 2024-035 disclosed by the Company on the CNINFO website.
The second meeting of the 11th Board of Directors	October 24, 2024	October 26, 2024	Deliberate and adopt the Third Quarterly Report in 2024 at the meeting
The third meeting of the 11th Board of Directors	November 7, 2024	November 9, 2024	For details, please refer to the Announcement on the 3rd Meeting of the 11th Board of Directors 2024-040 disclosed by the Company on the CNINFO website.
The fourth meeting of the 11th Board of Directors	December 30, 2024	January 2, 2025	For details, please refer to the Announcement on the 4th Meeting of the 11th Board of Directors 2025-001 disclosed by the Company on the CNINFO website.

2. Attendance of directors at board meetings and general meetings

Attendance of directors at board meetings and general meetings							
Name of directors	Number of board meetings to be attended during the reporting	Number of board meetings attended on site	Number of board meetings attended by communication	Number of board meetings attended by authorized person	Absences at board meetings	Failed to attend board meetings in person for two consecutive times	Number of general meetings attended

	period					(Yes/No)	
Zhang Xuhua	8	3	5	0	0	No	3
Wang Bo	4	1	3	0	0	No	0
Li Peiyin	8	2	6	0	0	No	0
Deng Jianghu	8	2	6	0	0	No	0
Guo Gaohang	8	4	4	0	0	No	0
Pan Bo	8	4	4	0	0	No	0
Wang Susheng	4	1	3	0	0	No	1
Wang Wenbo	4	1	3	0	0	No	1
Cao Guangzhong	4	1	3	0	0	No	1
Xiao Yi (resigned)	4	3	1	0	0	No	0
Wang Jianxin (resigned)	4	3	1	0	0	No	2
Zhong Hongming (resigned)	4	3	1	0	0	No	2
Tang Xiaofei (resigned)	4	3	1	0	0	No	2

Description of the failure to attend the board meetings in person for two consecutive times

Not applicable

3. The directors’ objections to the relevant matters

Does the director raise any objection to the relevant matters of the Company?

No

4. Other descriptions of duty fulfillment by the directors

Whether the relevant proposals from the directors to the Company have been adopted

Yes

Statement on the adoption or rejection of proposals from the directors to the Company

During the reporting period, the Board of Directors gave full play to the role of "determining strategies, making decisions and preventing risks". The directors of the Company attended the meetings of the Board of Directors on time in strict accordance with the Company Law, the Code on Governance of Listed Companies and other laws and regulations and the Articles of Association, diligently performed their duties and rights, and fully deliberated, offered suggestions and conscientiously voted on the resolutions of the Board of Directors. The Company fully considered and adopted the constructive opinions put forward by the directors in terms of development strategy, business decision-making and internal control management.

VII. Special committees under the board of directors during the reporting period

Committee Name	The Board of Directors session	Member description	Number of meetings held	Date of meeting	Content of the meeting	Important comments and suggestions proposed	Performance of other duties	Objections (if any)
Strategy Committee (note)	The 10th	Chairman of the Committee: Zhang Xuhua Members: Deng Jianghu, Guo Gaohang, Pan Bo, and Tang Xiaofei	1	March 12, 2024	Deliberate and adopt the work report and ESG report of the Board of Directors for 2023.	All members fully communicated and discussed the corporate governance, ESG management, development planning, etc., and suggested that the Company should continue to improve the level of standardized operation, strengthen risk control management, and continuously improve the level of scientific and technological innovation.		
	The 11th	Chairman of the Committee: Zhang Xuhua Members: Deng Jianghu, Guo Gaohang, Pan Bo, and Wang Wenbo	1	August 19, 2024	Deliberate and adopt the proposal on developing the development planning management measures and medium- and long-term development plans.			
		Total	**2**					

Audit Committee	The 10th	Chairman of the Committee: Wang Jianxin Members: Li Peiyin, Guo Gaohang, Zhong Hongming, and Tang Xiaofei	3	March 12, 2024	Deliberate and adopt the Annual Report in 2023, Final Account Report in 2023, Profit Distribution in 2023, Daily Related Party Transaction Estimation in 2024, Total Bank Credit Limit Estimation in 2024, and Guarantee Limit Estimation for Subsidiaries in 2024, Renewal of the Accounting Firm, Internal Control Self-evaluation Report in 2023, Internal Audit Report in Q4, 2023, Internal Audit Report in 2023, and Assessment Report on the Performance of Accounting Firms and the Audit Committee's Report on the Performance of Supervision Duties over Accounting Firms in 2023.	All members fully communicated and discussed the Company's internal and external audit work, internal control management, annual performance of accounting firms and other matters, and suggested that the Company should continue to improve the internal control management system and strengthen risk management.		
				April 23, 2024	Deliberate and adopt the Q1 report in 2024, the internal audit report of Q1 in 2024 and the internal control system report in 2023.			
				August 19, 2024	Deliberate and adopt the semi-annual report in 2024 and the internal audit report for Q2 of 2024.			
	The 11th	Chairman of the Committee: Wang Susheng Members: Li Peiyin, Guo Gaohang, Wang	3	September 6, 2024	Deliberate and adopt the proposal on the appointment of the chief accountant and secretary of the Board of Directors.			
				October 25, 2024	Deliberate and adopt the Q3			

		Wenbo, and Cao Guangzhong			report in 2024 and the internal audit report of Q3 in 2024.			
				November 1, 2024	Deliberate and adopt the proposal on the proposed change of accounting firm.	All members heard the Company's proposal on changing the accounting firm and agreed to submit the change to the Board of Directors for deliberation.		
		Total	**6**					
Nomination, Remuneration and Evaluation Committee	The 10th	Chairman of the Committee: Zhong Hongming Members: Xiao Yi, Guo Gaohang, Wang Jianxin, and Tang Xiaofei	3	Jan. 4, 2024	Deliberate and adopt the proposal on the election of members of the special committees of the Board of Directors.			
				March 12, 2024	Deliberate and adopt the proposal on the remuneration of directors and senior officers and the repurchasing and cancellation of some A-share restricted stocks in 2023.			
				August 19, 2024	Deliberate and adopt the proposal on the general election of non-independent directors and independent directors of the Board of Directors and the repurchasing and cancellation of some A-share restricted stocks.		All committee members reviewed the qualifications of the candidates for directors of the 11th Board of Directors of the Company,	

							expressed their comments, and agreed to submit the proposals to the Board of Directors for deliberation.	
	The 11th	Chairman of the Committee: Cao Guangzhong Members: Wang Bo, Guo Gaohang, Wang Wenbo, and Wang Susheng	2	September 6, 2024	Deliberate and adopt the proposal on the election of the chairman and the appointment of the general manager, deputy general manager, general counsel, chief accountant and secretary of the Board of Directors, and securities affairs representative.			
				December 30, 2024	Deliberate and adopt the proposal on the achievement for lifting the restriction conditions during the third lifting period of the Phase-II restricted stock incentive plan.			
		Total	**5**					

Note: Upon the deliberation and approval at the 4th Meeting of the 11th Board of Directors held by the Company on December 30, 2024, the Board of Directors agreed to adjust the "Strategy Committee" to the "Strategy and ESG Committee".

VIII. Work of the Board of Supervisors

Whether the Board of Supervisors found any risk in the Company during the supervision within the reporting period

No

IX. Employees

1. Number of employees, disciplines and educational status

Number of in-service employees of the parent company at the end of the reporting period (person)	204
Number of in-service employees of major subsidiaries at the end of the reporting period (person)	3,446
Total number of in-service employees at the end of the reporting period (person)	3,650
Total number of salaried employees in the current period (person)	3,650
Number of retired employees whose expenses shall be borne by the parent company and major subsidiaries (person)	0
Professional composition	
Professional composition category	Number of each discipline (person)
Production personnel	297
Sales personnel	2,488
Technical personnel	292
Financial personnel	105
Administrative personnel	468
Total	3,650
Education level	
Education level category	Number
Master's degree or above	84
Undergraduate	740
College	1,162
Below junior college	1,664
Total	3,650

2. Remuneration policy

In combination with the business development planning and management conditions, the Company, adhering to the core concept of value creation, has formulated the remuneration policy under the principles of hierarchical management, budget control, performance orientation, efficiency priority, fairness, positive incentive and long-term planning, and established a sophisticated compensation system based on the annual salary assessment system for the middle and senior officers, the post-performance salary system for employees, and the salary system for joint production and efficiency of production and operation personnel, and took the following management measures:

Payroll management: Carry out the annual salary budget in combination with annual business planning, comprehensively consider factors such as market salary level, organizational efficiency improvement and talent team adjustment, to regulate and control the total salary, and achieve the management objectives of benefit orientation, positive incentive, classification management and distribution adjustment;

Classification and hierarchical management: Establish a differentiated position and rank system according to the characteristics of the position, and on this basis, set up a matching standardized salary framework in combination with the market situation;

Value as the key link, co-creation and sharing: The Company has designed the incentive system according to the closed loop of the value chain of value creation, evaluation and distribution, and established a value evaluation system and real-time incentive system consistent with the strategic development goals, forming an incentive mechanism in which the salary is based on the Company's revenues and individual performance, and the incremental salary is prioritized to core key positions and outstanding talents.

3. Training plan

Talent is the primary productive force driving the Company's development. Considering that, the Company has attached great importance to the development and training of talents. In order to cultivate a high-quality talent team, support the implementation of the Company's strategy, and create an organizational learning atmosphere, the Company has formulated the Employee Training Management System, established a systematic employee learning and growth system, and built an online learning platform + offline training center, so as to provide employees with space for continuous improvement. For details, please refer to Chapter 7 on employee training and development in the 2024 Environmental, Social and Governance (ESG) Report disclosed by the Company on March 14, 2025 on the CNINFO website.

4. Labor outsourcing

Not applicable

X. Profit distribution and the increase of share capital by converting capital reserves

Formulation, implementation or adjustment of profit distribution policies, especially cash dividend policies during the reporting period

The Company's profit distribution plan in 2023 has been deliberated and adopted during the 18th Meeting of the 10th Board of Directors on March 12, 2024 and the Annual General Meeting in 2023 on April 18, 2024. It was resolved to distribute cash dividends of RMB 4.00 yuan (including tax) for every 10 shares to all shareholders according to the total share capital on the equity registration date (deducting the shares in the special securities account for repurchasing) when the profit distribution plan is implemented, with 0 bonus share issued, and no share capital will be converted from reserves.

During the period from the disclosure to the implementation of this equity distribution plan, 9,355,763 B shares in the Company's special securities account for repurchasing were canceled, and the total share capital was reduced from 415,219,970 shares to 405,864,207 shares. Based on the total share capital of 405,864,207 shares on the equity registration date of the profit distribution plan, the Company distributed cash dividends of RMB 4.00

yuan (including tax) for every 10 shares to all shareholders, with the actual total amount of cash dividends payable of RMB 162,345,682.80 yuan.

The profit distribution plan has been implemented on June 14, 2024. For details, please refer to the Announcement on the Implementation of Equity Distribution in 2023 No. 2024-022 disclosed by the Company on the CNINFO website.

(II) Special description of the cash dividend policy	
Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting	Yes
Whether the criteria and ratio for dividend distribution are clear and explicit	Yes
Whether the relevant decision-making procedures and mechanisms are complete	Yes
Whether the independent directors have performed their duties and responsibilities and played their due roles	Yes
If the Company distributes no cash dividends, the specific reasons and the next measures for increasing the return level of investors shall be disclosed:	Not applicable
Whether small and medium shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests have been adequately protected	Yes
Whether the conditions and procedures are compliant and transparent in case of the cash dividend policy adjusted or changed (if any):	Not applicable

The Company was profitable during the reporting period and the parent company's profit distributable to shareholders was positive, but no cash dividend distribution plan was proposed

Not applicable

Profit distribution and the increase of share capital by converting capital reserves during the reporting period

Number of bonus shares per 10 shares (shares)	0
Number of dividends per 10 shares (RMB) (including tax)	4.00
Equity base of distribution plan (shares)	Total share capital on the equity rights registration date when the profit distribution plan is implemented
Cash dividends(yuan)(including tax)	162,305,602.80
Amount of cash dividends distributed in other ways (such as share repurchasing) (yuan)	0.00
Total cash dividends (including other methods) (yuan)	162,305,602.80
Distributable profit (yuan)	1,206,072,217.14
Proportion of total cash dividends (including other methods) in total profit distribution amount	100%
Cash dividends this time	
Others	
Detailed description of proposals for profit distribution or capital reserve transfer	
The Company's profit distribution plan for 2024 has been deliberated and adopted at the 5th meeting of the 11th Board of Directors on March 12, 2025. It is proposed to distribute cash dividends of RMB 4.00 yuan (including tax) for every 10 shares to all shareholders according to the total share capital on the equity registration date when the profit distribution plan is implemented, with 0 bonus share, and no share capital will be converted from reserves. If the total share capital of the Company changes after the disclosure of the profit distribution plan and before its implementation, the Company may adjust the total amount of distribution at fixed distribution ratio. The profit distribution plan shall be implemented after being deliberated and adopted at the General Meeting.	

XI. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

1. Equity incentive

(1) Phase-II restricted stock incentive plan

The Company decided to launch the Phase-II Restricted Stock Incentive Plan during the 23rd Meeting of 9th Board of Directors on December 4, 2020, and its first extraordinary shareholders' meeting of 2021 on January 6. Following approval at the 25th Meeting of 9th Board of Directors on January 15, 2021, the Company ultimately granted 7.66 million A-share restricted stocks to 135 incentive recipients at a price of RMB 7.60 per share. This grant was completed and listed on January 29, 2021. For details, please refer to relevant announcements disclosed on January 16, 2021 on the CNINFO website. The specific implementation during the reporting period is as follows:

Upon approval at the 18th meeting of the 10th Board of Directors and the 2023 Annual General Meeting of Shareholders, the company decided to repurchase and cancel 10,020 A-share restricted stocks originally granted to a former incentive recipient who had left the company but still held restricted stocks that were not yet released from lock-up. For details, please refer to the relevant announcements of the company disclosed on www.cninfo.com.cn on March 14, April 19 and July 3, 2024.

Upon approval at the 18th meeting of the 10th Board of Directors and the 2023 Annual General Meeting of Shareholders, the company decided to repurchase and cancel 10,020 A-share restricted stocks originally granted to a former incentive recipient who had left the company but still held restricted stocks that were not yet released from lock-up. For details, please refer to the relevant announcements of the company disclosed on www.cninfo.com.cn on March 14, April 19 and July 3, 2024.

Upon deliberation and approval at the 20th meeting of the 10th Board of Directors and the first extraordinary general meeting in 2024, the Company decided to repurchase and cancel the 90,180 A-share restricted stocks originally granted to 2 former incentive recipients resigned and 1 former incentive recipient deceased, which still held restricted stocks that were not yet released from lock-up. For details, please refer to the relevant announcements of the company disclosed on www.cninfo.com.cn on August 21, September 7 and November 2, 2024.

Upon deliberation and approval at the 4th meeting of the 11th Board of Directors of the Company, the conditions for lifting the restriction during the third period of the Phase-II restricted stock incentive plan have been fulfilled, and 2,047,420 A-share restricted stocks involving the lifting of the restriction had been listed and circulated on February 5, 2025. For details, please refer to the relevant announcements of the company disclosed on www.cninfo.com.cn on January 2 and January 23, 2025.

Equity incentives obtained by directors and senior managers of the Company

Unit: shares

Name	Title	Number of stock options held at the beginning of the year	Number of stock options newly granted during the reporting period	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	Exercise price of shares exercised during the reporting period (yuan/share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (yuan/share)	Number of restricted stocks held at the beginning of the period	Number of shares unlocked in the current period	Number of restricted stocks newly granted during the reporting period	Grant price of restricted stock (yuan/share)	Number of restricted stocks held at the end of the period
Zhang Xuhua	Chairman	0	0	0	0	0	0	0	0	0	0		0
Wang Bo	Director	0	0	0	0	0	0	0	0	0	0		0
Li Peiyin	Director	0	0	0	0	0	0	0	0	0	0		0
Deng Jianghu	Director	0	0	0	0	0	0	0	0	0	0		0
Guo Gaohang	Director	0	0	0	0	0	0	0	0	0	0		0
Pan Bo	Managing director	0	0	0	0	0	0	0	50,100	0	0		50,100
Wang Susheng	Independent director	0	0	0	0	0	0	0	0	0	0		0
Wang Wenbo	Independent director	0	0	0	0	0	0	0	0	0	0		0
Cao Guangzhong	Independent director	0	0	0	0	0	0	0	0	0	0		0
Lu Wanjun	Deputy general manager	0	0	0	0	0	0	0	50,100	0	0		50,100

	and general counsel												
Liu Xiaoming	Deputy general manager	0	0	0	0	0	0	0	50,100	0	0		50,100
Li Ming	Deputy general manager	0	0	0	0	0	0	0	50,100	0	0		50,100
Song Yaoming	Chief accountant and secretary of Board of Directors	0	0	0	0	0	0	0	0	0	0		0
Tang Haiyuan	Deputy general manager	0	0	0	0	0	0	0	50,100	0	0		50,100
Xiao Yi	Director (resigned)	0	0	0	0	0	0	0	0	0	0		0
Wang Jianxin	Independent director (resigned)	0	0	0	0	0	0	0	0	0	0		0
Zhong Hongming	Independent director (resigned)	0	0	0	0	0	0	0	0	0	0		0
Tang Xiaofei	Independent director (resigned)	0	0	0	0	0	0	0	0	0	0		0
Total	--	0	0	0	0	--	0	--	250,500	0	0	--	250,500

Appraisal mechanism and incentives for senior managers

In order to establish a sophisticated incentive and restraint mechanism for senior officers, give full play to and motivate their enthusiasm, improve the operating capacity and economic benefits, and ensure the realization of the strategic objectives, the Company has continuously improved the tenure system and contractual management of senior officers, assessed operating performances and objectives on an annual/tenure basis, and promoted the implementation of rigid rewards and punishments for assessment results, reflecting strong incentives and hard constraints for compensation payment, and adhered to performance orientation, to enhance effective incentives for accurate assessment.

2. Implementation of employee stock ownership plan

Not applicable

3. Other employee incentive measures

Not applicable

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control system

In order to strengthen the internal control of the Company, promote the standardized operation and healthy development, and protect the legitimate rights and interests of shareholders, the Company has established a sophisticated internal control system in accordance with the Company Law, the Securities Law and other laws and regulations, and has effectively implemented it. During the reporting period, the Company had no major defects or important defects in internal control.

2. Details of major defects in internal control found during the reporting period

No

XIII. Management and control of subsidiaries during the reporting period

Not applicable

XIV. Internal control evaluation report or internal control audit report

1. Internal control evaluation report

Disclosure date of full text of internal control evaluation report	March 14, 2025
Disclosure index of full text of internal control evaluation report	www.cninfo.com.cn

Proportion of total assets of units evaluated to total assets in the Company's consolidated financial statement	100.00%	
Proportion of operating income of units evaluated to the operating income in the Company's consolidated financial statement	100.00%	
Defect identification criteria		
Type	Section X Financial Reports	Non-financial report
Qualitative criteria	(1) The defect involves the fraud of directors, supervisors and senior officers; (2) Correct the financial statements disclosed; (3) The certified public accountant finds that there is a material misstatement in the current financial statements, but the internal control personnel fail to detect the misstatement in the process; (4) The Company's audit committee and the discipline inspection department/audit and legal department have no effective supervision over internal control.	(1) Serious violation of national laws, administrative regulations and normative documents; (2) The "Three Significant and One Major" matters have not gone through the collective decision-making procedure; (3) There is a serious loss of management and technical personnel in key positions; (4) Important business involving the Company's production and operation lacks system control or system failure occurs; (5) The internal control over information disclosure fails, causing that the Company is publicly reprimanded by the regulatory authorities; (6) The results of internal control evaluation, especially major defects or significant defects, have not been rectified.
Quantitative criteria	(1) Major defect: misstatement ≥ 5% of profit before tax (2) Significant defect: 1% of profit before tax ≤ misstatement < 5% of profit before tax (3) General defect: misstatement < 1% of profit before tax	(1) Major defect: misstatement ≥ 5% of profit before tax (2) Significant defect: 1% of profit before tax ≤ misstatement < 5% of profit before tax (3) General defect: misstatement < 1% of profit before tax
Number of major defects in financial reports (nos.)	0	
Number of major defects in non-financial reports (nos.)	0	
Number of significant defects in the financial report (nos.)	0	
Number of significant defects in non-financial reports (nos.)	0	

2. Internal control audit report

Paragraph of review opinions in the internal control audit report

In our opinion, FIYTA maintained effective internal control over financial reporting in all material respects as at December 31, 2024 in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of full text of internal control audit report	March 14, 2025
Disclosure index of full text of internal control audit report	www.cninfo.com.cn
Opinion type in the internal control audit report	Standard unqualified opinion
Whether there are major defects in non-financial reports	No

Whether the accounting firm issues an audit report on internal control with non-standard opinions

No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the Board of Directors

Yes

XV. Status of rectification of self-examination issues of special actions on governance of listed companies

The Company has fully completed the self-inspection in accordance with the requirements of the Announcement on Carrying out Special Actions for the Governance of Listed Companies issued by the CSRC, and rectified the problems found during the self-inspection. The corporate governance meets the requirements of the Company Law, the Securities Law, the Code on Governance of Listed Companies and other laws and regulations, the governance structure is sophisticated and the operation is standardized.

Section 5 Environmental and social responsibility

I. Major environmental protection issues

Whether the listed companies and their subsidiaries classified as key pollutant discharging units designated by the Ministry of Environmental Protection

No

Administrative penalties for environmental issues during the reporting period

Not applicable

Refer to other environmental information disclosed by key pollutant discharging units

The Company, abiding by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention of Environmental Pollution Caused by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Water Pollution and other laws and regulations, has formulated the Control Procedure for Wastewater, Exhaust Gas, Dust and Noise, the Control Procedure for Waste Management, the Control Procedure for Chemical Management and other system documents, to clearly specify the management measures for pollutants such as wastewater, exhaust gas, dust, waste and noise, carried out the pollutant emission control in an standardized and systematic manner, and entrusted an external qualified agency to monitor pollutants every year, so as to ensure that the emissions meet the standards. For the specific information, please refer to the 2024 Environmental, Social and Governance (ESG) Report disclosed by the company on www.cninfo.com.cn on March 14, 2025.

(IV) Measures taken to reduce its carbon emissions during the reporting period and their effects

The Company has actively responded to the call for "Carbon Peak and Neutrality" action and incorporated the requirements into the key work. Shenzhen FIYTA STD Co., Ltd., a subsidiary, has set up a greenhouse gas management team to be responsible for the formulation and implementation of annual emission reduction targets. The team members will implement relevant measures within their respective powers and responsibilities, to promote the transformation of the Company to a green, low-carbon and sustainable direction.

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

For the specific information, please refer to the 2024 Environmental, Social and Governance (ESG) Report disclosed by the company on www.cninfo.com.cn on March 14, 2025.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

The Company has attached great importance to the children education and public welfare services, and actively promoted the development of children's literacy education together with Shanghai Adream Charitable Foundation, and has been committed to broadening the horizons, brightening the future of more children, and thus facilitating the continuous progress of society. The "Dream Center" project has been commenced and operated in Guizhou province, Hainan province, Jiangxi province, Gansu and other provinces. With the "Dream Center" project, better hardware learning space is provided for students, regular teacher training is carried out and a teacher development system is established, effectively promoting the overall improvement of education and teaching quality in counties in economically backward areas. During the reporting period, the Company donated RMB 200,000 yuan to Shanghai Adream Charitable Foundation to build a 6.0 plus 2 version of 200,000 large-screen middle school dream center in Siyuan Experimental School. As at the end of the reporting period, the Company has donated a total of RMB 4,209,800 yuan in cash and materials to Shanghai Adream Charitable Foundation, and donated a total of 35 dream centers in 12 provinces, benefiting a total of 44,021 students.

Section 6 Significant events

I. Fulfillment of commitments

1. The company's actual controller, shareholders, related parties, acquirers, and the company itself committed to fulfilling all commitments to relevant parties during the reporting period, with any outstanding commitments not fulfilled as of the end of the reporting period.

Not applicable

2. If there is a profit forecast for Fiyta's assets or projects, and the reporting period is still in the profit forecast period, Fiyta explains whether the assets or projects have met the original profit forecast and the reasons

Not applicable

II. Non-operating occupation of funds by controlling shareholders and other related parties of listed companies

Not applicable

III. External guarantee in violation of regulations

Not applicable

IV. Explanation of the Board of Directors on the latest "non-standard audit report"

Not applicable

V. Explanation of the Board of Directors, the Board of Supervisors and independent directors (if any) on the "non-standard audit report" of the accounting firm during the reporting period

Not applicable

VI. Changes in accounting policies and accounting estimates or corrections of significant accounting errors compared with the financial report of the previous year

Not applicable

VII. Description of changes in the scope of consolidated statements compared with the financial report of the previous year

Not applicable

VIII. Appointment and dismissal of accounting firms

Accounting firm currently employed

Name of domestic accounting firm	RSM China CPA LLP (Special General Partnership)
Remuneration of domestic accounting firm (RMB 10,000)	144 (of which the annual report audit fee is 1.14 million yuan, and the internal control audit fee is 300,000 yuan)
Consecutive years of audit services provided by domestic accounting firms	1
Names of CPAs of the domestic accounting firm	Cai Ruxiao, Zheng Chaomin, Ge Hua
Consecutive years of audit services provided by certified public accountants of domestic accounting firms	1

Whether to change the accounting firm in the current period

Yes

Whether the accounting firm was changed during the audit period

No

Whether the accounting firm is replaced in accordance with the review and approval procedures

Yes

Detailed description of the change of accounting firm

Upon the deliberation and approval at the Annual General Meeting in 2023, the Company reappointed Dahua Certified Public Accountants (Special General Partnership) as the financial statements and internal control auditor for 2024. According to the Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies and other provisions, and in combination with the needs of the audit work, the Company changed RSM China CPA LLP (Special General Partnership) as the financial statement and internal control auditor for 2024 after the deliberation and approval at the third meeting of the 11th Board of Directors and the second extraordinary general meeting in 2024. For details, please refer to the Announcement on Resolutions of the 18th Meeting of the 10th Board of Directors 2024-006, Announcement on Renewal of the Accounting Firm 2024 -011, Announcement on Resolutions of 2023 Annual General Meeting of Shareholders 2024-016, Announcement of Resolutions of the 3rd Meeting of the 11th Board of Directors 2024 –040, Announcement on Proposed Change of the Accounting Firm 2024-042 and Announcement on Resolution of the Second Extraordinary General Meeting in 2024 No. 2024-044 disclosed by the Company on November 9 and November 29, 2024 on the CNINFO website.

Employment of accounting firm, financial consultant or sponsor for internal control audit

The Company hired RSM China CPA LLP (Special General Partnership) as the internal control auditor in 2024, paying the internal control audit fee of RMB 300,000 yuan.

IX. Delisting after the disclosure of the annual report

Not applicable

X. Matters related to bankruptcy and reorganization

Not applicable

XI. Significant litigation and arbitration

Not applicable

XII. Penalties and rectification

Not applicable

XIII. Integrity status of the company and its controlling shareholders and actual controllers

Not applicable

XIV. Major related-party transactions

1. Related party transactions related to daily operations

Not applicable

2. Related party transactions arising from the acquisition or sale of assets or equities

Not applicable

3. Related party transactions of joint external investment

Not applicable

4. Related claims and debts

Not applicable

5. Transactions with related financial companies

Deposit business

Related party	Relationship	Maximum daily deposit limit (RMB10,000)	Deposit interest rate range	Beginning balance (RMB10,000)	Amount in the current period		Ending balance (RMB10,000)
					Total deposits in the current period (RMB10,000)	Total withdrawal amount in the current period (RMB10,000)	
AVIC Finance	Controlled by the	100,000	0.205%-1.25%	46,774	526,380	523,293	49,861

	same ultimate party						

Loan business

Related party	Relationship	Loan limit (RMB10,000)	Loan interest rate range	Beginning balance (RMB10,000)	Amount in the current period		Ending balance (RMB10,000)
					Total loan amount in the current period (RMB10,000)	Total repayment amount in the current period (RMB10,000)	
AVIC Finance	Controlled by the same ultimate party	80,000	Not higher than 1Y LPR interest rate	0	0	0	0

Credit granting or other financial business

During the reporting period, the company's daily maximum associated balance of deposits and loans with Aviation Industry Financial did not exceed the limits stipulated in the financial services agreement. Additionally, no credit or other financial transactions occurred. At the same time, the company issued the Risk Assessment Report on Related Deposits and Loans with AVIC Finance Co., Ltd. every six months in response to the above matters.

6. Transactions between financial companies controlled by the company and related parties

Not applicable

7. Other major related party transactions

The 18th meeting of the 10th Board of Directors, and the 2023 Annual General Meeting of Shareholders, approved the proposal regarding anticipated routine related-party transactions for the year 2024. During the reporting period, the cumulative transaction amount of the company's related transactions relating to daily operations was within the annual estimated range. For details, please refer to the Announcement on Resolutions of the 18th Meeting of the 10th Board of Directors 2024-006, Announcement on Prediction of Daily Related Party Transactions 2024-009 and Announcement on Resolutions of 2023 Annual General Meeting of Shareholders 2024-016 disclosed by the Company on March 14 and April 19, 2024 on the CNINFO website.

During the 20th meeting of the 10th Board of Directors and the 1st Extraordinary General Meeting in 2024, the Proposal to Sign A Financial Services Framework Agreement with AVIC Finance Co., Ltd. was deliberated and adopted. It was decided to terminate the original contract and re-sign the Financial Services Framework Agreement with AVIC Finance Co., Ltd. For details, please refer to the Announcement on the 20th Meeting of the 10th Board of Directors 2024-024, Announcement on Related Party Transactions on Signing a Financial Service Framework Agreement with AVIC Finance Co., Ltd. 2024-029 and Announcement of the Resolution of the First Extraordinary General Meeting in 2024 No. 2024-034 disclosed by the Company on August 21 and September 7, 2024 on the CNINFO website.

Inquiry related to the disclosure website of interim report on major related transactions

Name of temporary announcement	Disclosure date of	Disclosure of website name in

	provisional announcement	temporary announcement
Announcement on Resolutions of the 18th Meeting of the 10th Board of Directors 2024-006	Mar. 14, 2024	http://www.cninfo.com.cn/
Announcement on Prediction of Daily Related Party Transactions 2024-009	Mar. 14, 2024	
Announcement on Resolutions of 2023 Annual General Meeting of Shareholders 2024-016	April 18, 2024	
Announcement on the 20th Meeting of the 10th Board of Directors 2024-024	August 21, 2024	
Announcement on Related Party Transactions on Signing a Financial Service Framework Agreement with AVIC Finance Co., Ltd. 2024-029	August 21, 2024	
Announcement of the Resolution of the First Extraordinary General Meeting in 2024 No. 2024-034	September 7, 2024	

XV. Major contracts and performance thereof

1. Trusteeship, contracting and leasing matters

(1) Trusteeship

Not applicable

(2) Contracting

Not applicable

(3) Leasing

Not applicable

2. Major guarantee

Unit: RMB'0,000

External guarantees provided by the company and its subsidiaries (excluding guarantees provided to subsidiaries)										
Name of guarantee object	Announcement disclosure date related to guarantee limit	Guarantee limit	Actual date	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the performance has been completed	Whether to guarantee for a related party
Not applicable										
Total amount of external guarantee approved during the reporting		0		Total actual amount of external guarantee during the reporting		0				

period (A1)				period (A2)						
Total amount of external guarantee approved at the end of the reporting period (A3)		0		Total actual external guarantee balance at the end of the reporting period (A4)		0				
Guarantees of COOEC for subsidiaries										
Name of guarantee object	Announcement disclosure date related to guarantee limit	Guarantee limit	Actual date	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the performance has been completed	Whether to guarantee for a related party
Shenzhen Shenzhen Harmony World Watch Centre Co., Ltd.	Mar. 14, 2024	30,000	December 30, 2024	10,000	Joint and several liability guarantee			1 year	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		60,000		Total actual amount of guarantees provided to subsidiaries during the reporting period (B2)		10,000				
Total approved guarantee limit for subsidiaries at the end of the reporting period (B3)		60,000		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)		10,000				
Guarantees provided by subsidiaries to subsidiaries										
Name of guarantee object	Announcement disclosure date related to guarantee limit	Guarantee limit	Actual date	Actual guaranteed amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the performance has been completed	Whether to guarantee for a related party
Not applicable										

Total amount of guarantees approved for subsidiaries during the reporting period (C1)	0	Total actual amount of guarantees provided to subsidiaries during the reporting period (C2)	0
Total approved guarantee limit for subsidiaries at the end of the reporting period (C3)	0	Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)	0
Total amount of corporate guarantees (i.e. the total of the top three items)			
Total amount of guarantee approved during the reporting period (A1+B1+C1)	60,000	Total actual amount of guarantee during the reporting period (A2+B2+C2)	10,000
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)	60,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	10,000
The proportion of actual total amount of guarantee (i.e. A4+B4+C4) in the company's net assets			2.95%
Including:			
Balance of guarantees provided to shareholders, actual controllers and their related parties (D)			0
Balance of debt guarantee directly or indirectly provided to the guaranteed object with the asset/liability ratio exceeding 70% (E)			0
Total amount of guarantee exceeding 50% of net assets (F)			0
Total amount of the above three guarantees (D+E+F)			0
For the unexpired guarantee contract, the guarantee liability occurred or there is evidence showing that it is possible to assume joint and several liability during the reporting period (if any)			Not applicable
Description of external guarantee provided in violation of prescribed procedures (if any)			Not applicable

Specific description of the composite guarantee

Not applicable

3. Entrustment of others for cash asset management

(1) Entrusted wealth management

Not applicable

(2) Entrusted loans

Not applicable

4. Other major contracts

Not applicable

XVI. Explanation of other significant matters

(I) Repurchase of a portion of domestic listed foreign shares (B-shares)

The Company's 11th meeting of the 10th Board of Directors and the 2022 Annual General Meeting of Shareholders approved the Plan for the Repurchase of a Portion of Domestic Listed Foreign Shares (B-shares), and subsequently disclosed the repurchase report and a series of progress announcements in accordance with relevant regulations. As of April 25, 2024, the implementation of the repurchase plan has been completed, and the repurchased 9,355,763 B-shares have been canceled on May 10, 2024. For detailed information, please refer to the company's announcements "Announcement on the Expiration and Implementation Results of the Repurchase of Certain Domestically Listed Foreign Shares (B Shares) 2024-020" and "Announcement on the Completion of the Cancellation of Repurchased Domestically Listed Foreign Shares (B Shares) and Share Changes 2024-021," disclosed on CNINFO on April 26, 2024, and May 14, 2024, respectively.

(II) General election of the Board of Directors and the Board of Supervisors and appointment of senior officers

Upon the deliberation and approval at the 20th meeting of the 10th Board of Directors, the 18th meeting of the 10th Board of Supervisors and the 2nd Extraordinary General Meeting in 2024, the Company elected the directors of the 11th Board of Directors and the shareholder representative supervisors of the 11 th Board of Supervisors; Upon the deliberation and approval at the 5th Congress of Workers and Staff of the 5th Session, the Company elected the employee representative supervisor of the 11th Board of Supervisors. For details, please refer to the Announcement on the General Election of the Board of Directors 2024-027, the Announcement on the General Election of the Board of Supervisors 2024-028 and the Announcement on the General Election of Employee Representative Supervisors 2024-033 disclosed by the Company on August 21 and August 27, 2024 on the CNINFO website.

Upon the deliberation and approval at the first meeting of the 11th Board of Directors and the first meeting of the 11 th Board of Supervisors, the Company completed the election of the chairman of the Board of Directors, the appointment of senior officers and the election of chairman of the Board of Supervisors. For details, please refer to the Announcement on the Completion of General Election of the Board of Directors and the Board of Supervisors and the Appointment of Senior Officers disclosed by the Company on September 7, 2024 on the CNINFO website.

(III) Adjustment of the Strategy Committee of the Board of Directors and revision of relevant systems

In order to meet the needs of the strategic development, improve the Company's ESG management level, and improve the ESG management system, the Board of Directors agreed to adjust the "Strategy Committee" to the "Strategy and ESG Committee" upon the deliberation and approval at the fourth meeting of the 11th Board of Directors, and added ESG management-related responsibilities on the basis of the original duties of the Strategy Committee. Meanwhile, the relevant provisions of the Detailed Rules for the Implementation of Special Committees of the Board of Directors were revised, and the ESG Management System was formulated. For details, please refer to the Announcement on Adjusting the Strategy Committee of the Board of Directors to the Strategy and ESG Committee of the Board of Directors and the full text of relevant systems disclosed by the Company on January 2, 2025 on the CNINFO website.

XVII. Major events of the company's subsidiaries

Not applicable

Section 7 Changes in shares and shareholders

I. Changes in shares

1. Changes in shares

Unit: shares

	Before this change		Increase/decrease in this change (+, -)					After this change	
	Number	Ratio	IPO	Share donation	Capital conversion of provident funds	Others	Sub-total	Number	Ratio
I. Restricted shares	2,729,860	0.66%	0	0	0	-254,140	-254,140	2,475,720	0.61%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shareholding	2,729,860	0.66%	0	0	0	-254,140	-254,140	2,475,720	0.61%
Including: domestic legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person shareholding	2,729,860	0.66%	0	0	0	-254,140	-254,140	2,475,720	0.61%
4. Foreign sharehol	0	0.00%	0	0	0	0	0	0	0.00%

ding									
Including: overseas legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Overseas natural persons shareholding	0	0.00%	0	0	0	0	0	0	0.00%
II. Non-restricted shares	412,490,110	99.34%	0	0	0	-9,201,823	-9,201,823	403,288,287	99.39%
1. RMB ordinary shares	362,553,413	87.31%	0	0	0	153,940	153,940	362,707,353	89.39%
2. Domestic listed foreign shares	49,936,697	12.03%	0	0	0	-9,355,763	-9,355,763	40,580,934	10.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	415,219,970	100.00%	0	0	0	-9,455,963	-9,455,963	405,764,007	100.00%

Reasons for change in shares

1. During the reporting period, due to the adjustment of the transferable quota for senior management, 153,940 shares with sales restrictions were reduced (corresponding to an increase in unrestricted shares, with the total capital stock remaining unchanged).

2. During the reporting period, due to the resignation of 3 former incentive recipient and the death of 1 former incentive recipient in the Phase-II restricted stock incentive plan, the Company repurchased and canceled the 100,200 A-share restricted stocks held by them in total according to regulations, and reduced the restricted stocks by 100,200 shares in total (total share capital decreased);

3. During the reporting period, as the company completed the implementation of the repurchase plan for certain domestically listed foreign shares (B shares), the repurchased B shares were canceled, reducing 9,355,763 unrestricted shares (total capital stock decreased).

In view of the above reasons, at the end of the reporting period, the total share capital of the company decreased by 9,455,963 shares, and the total share capital decreased from 415,219,970 shares to 405,764,007 shares.

Approval of change in shares

Upon the authorization and approval of the company's 2022 annual general meeting of shareholders, the company canceled the repurchased 9,355,763 B shares.

Upon the approval at the annual general meeting in 2023 and the first extraordinary general meeting in 2024, the Company repurchased and canceled a total of 100,200 A-share restricted stocks.

Transfer of change in shares

During the reporting period, as reviewed and confirmed by China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch, the changes in shares were as follows:

On May 10, 2024, 9,355,763 B shares were canceled;

On July 1, 2024, the 10,020 A-share restricted stocks were repurchased and canceled;

On October 31, 2024, 90,180 A-share restricted stocks were repurchased and canceled.

The impact of the share changes on financial indicators such as basic earnings per share and diluted earnings per share for the most recent year and period, as well as net assets per share attributable to the company's ordinary shareholders, is as follows:

Financial indicators	2024		2023	
	Before the change in shares	After the change of shares	Before the change in shares	After the change of shares
Basic earnings per share (yuan/share)	0.5314	0.5385	0.8082	0.8272
Diluted earnings per share (yuan/share)	0.5307	0.5378	0.8075	0.8265
Net asset value per share (RMB/share) attributable to ordinary shareholders of the company.	8.17	8.36	8.03	8.22

4. Other content that COOEC deems necessary or required to be disclosed by securities regulators

Not applicable

2. Changes in restricted shares

Unit: shares

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the current period (Note 1)	Number of restricted shares released in the current period (Note 2)	Number of restricted shares at the end of the period	Reason for restricted sales	Date of restricted sales released
Li Ming	160,080	0	40,013	120,067	Executive locked-in shares and unlocked restricted shares	Unlock in accordance with the

						relevant laws and regulations on locking shares by senior executives.
Pan Bo	160,050	12,487	0	172,537	Executive locked-in shares and unlocked restricted shares	-
Lu Wanjun	160,050	0	40,013	120,037	Executive locked-in shares and unlocked restricted shares	Unlock in accordance with the relevant laws and regulations on locking shares by senior executives.
Liu Xiaoming	160,050	0	40,013	120,037	Executive locked-in shares and unlocked restricted shares	Unlock in accordance with the relevant laws and regulations on locking shares by senior executives.
Tang Haiyuan	107,550	0	26,888	80,662	Executive locked-in shares and unlocked restricted shares	Unlock in accordance with the relevant laws and regulations on locking shares by senior executives.
Chen Libin	60,120	-60,120	0	0	Unlocked restricted shares	-
Bao Xianyong	40,080	0	0	40,080	Unlocked restricted shares	-
Sun Lei	40,080	0	0	40,080	Unlocked restricted shares	-
Sheng Li	40,080	0	0	40,080	Unlocked restricted shares	-
Other shareholders	1,801,720	-40,080	19,500	1,742,140	Locked shares and unlocked restricted shares of supervisors and outgoing executives	Unlock in accordance with the relevant laws and regulations on locking shares by

						senior executives.
Total	2,729,860	-87,713	166,427	2,475,720	--	--

Note: 1. Reasons for changes in the number of restricted shares increased in the current period:
(1) At the beginning of the period, the transferable quota for senior management was adjusted, and the restricted shares held by senior management (Mr. Pan Bo) increased by 12,487 shares;
(2) The 100,200 restricted shares that have been repurchased and canceled during the reporting period are deducted from this item, including 60,120 shares held by Mr. Chen Libin, the former incentive recipient, and 40,080 shares held by other 3 former incentive recipients in total.
2. Reason for changes in the number of unrestricted shares in the current period: adjustment of transferable quotas for senior management at the beginning of the period.

II. Issuance and listing of securities

1. Securities issuance (excluding preferred shares) during the reporting period

Not applicable

2. Description of changes in the total number of shares and shareholder structure of the Company, and changes in the structure of assets and liabilities of the Company

The same as that described in the "Reasons for changes in shares".

3. Existing internal employee shares

Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and their shareholding situation in the company

Unit: shares

Total number of ordinary shareholders as at the end of the reporting period	26,316	Total number of ordinary shareholders at the end of the latest month before the date of disclosure of the annual report	25,508	Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period (if any)	0	Total number of preferred shareholders whose voting rights have been restored at the end of the previous month prior to the disclosure date of the annual report (if any)	0
Shareholders holding more than 5% stock or the top 10 stock shareholders' shareholding details (excluding shares lent through refinancing)							
Shareholde	Nature	Shareh	Number of	Increase/d	Number	Number of	Pledged, tagged

r's name		olding Ratio	shares held at the end of the reporting period	ecrease during the reporting period	of restrictive stocks held	non-restrictive stocks held	or frozen	
							Status	Number
AVIC International Holding Limited	State-owned legal person	40.17%	162,977,327	0	0	162,977,327	Not applicable	0
# Wu Jilin	Domestic natural person	4.43%	17,972,441	-71,186	0	17,972,441	Not applicable	0
Xu Guoliang	Domestic natural person	1.39%	5,659,968	-1,582,800	0	5,659,968	Not applicable	0
Qiu Hong	Domestic natural person	0.62%	2,510,000	40,000	0	2,510,000	Not applicable	0
#Zhu Rui	Domestic natural person	0.53%	2,149,400	742,300	0	2,149,400	Not applicable	0
604 Portfolio of National Social Security Fund	Others	0.41%	1,676,300	1,178,800	0	1,676,300	Not applicable	0
SWS MU Fund - China Everbright Bank - SWS MU Changhong No. 1 Collective Asset Management Plan	Others	0.41%	1,658,000	1,658,000	0	1,658,000	Not applicable	0
Industrial and Commercial Bank of China Limited - GF ZZGX Central Government-owned Enterprise Shareholder Return Trading Open-Ended Index Securities Investment	Others	0.36%	1,457,500	244,800	0	1,457,500	Not applicable	0

Fund								
#Wang Xing	Domestic natural person	0.34%	1,387,800	566,400	0	1,387,800	Not applicable	0
#Qu Yongjie	Domestic natural person	0.31%	1,271,900	-14,900	0	1,271,900	Not applicable	0
Strategic investors or legal persons becoming the top ten shareholders due to placement of new shares (if any)		Not applicable						
Notes to shareholders' related relationship or persons acting in concert		The Company does not know whether the above 10 shareholders are related or act in concert.						
Description of the above shareholders' involvement in the commissioned/entrusted voting rights and waiver of voting rights		The shareholder, AVIC International Holdings Limited, authorized a representative to exercise voting rights on behalf of the Company at the 2023 annual general meeting of shareholders, the 1st extraordinary general meeting in 2024 and the 2nd extraordinary general meeting in 2024, representing 162,977,327 shares. For details of the voting results, please refer to the relevant announcements issued by the Company on the CNINFO website.						
Special instructions on the existence of special repurchase accounts among the top 10 shareholders (if any)		Not applicable						

Shareholding of the top 10 non-restrictive shareholders (excluding shares lent through refinancing and shares locked by senior management)			
Shareholder's name	Number of non-restricted stock held at the end of the reporting period	Class of shares	
		Class of shares	Number
AVIC International Holding Limited	162,977,327	RMB common share	162,977,327
# Wu Jilin	17,972,441	RMB common share	17,972,441
Xu Guoliang	5,659,968	RMB common share	5,659,968
Qiu Hong	2,510,000	RMB common share	2,510,000
#Zhu Rui	2,149,400	RMB common share	2,149,400
604 Portfolio of National Social Security Fund	1,676,300	RMB common share	1,676,300
SWS MU Fund - China Everbright Bank - SWS MU Changhong No. 1 Collective Asset Management Plan	1,658,000	RMB common share	1,658,000
Industrial and Commercial Bank of China Limited - GF ZZGX Central Government-owned Enterprise Shareholder Return Trading Open-Ended Index Securities Investment Fund	1,457,500	RMB common share	1,457,500
#Wang Xing	1,387,800	RMB common share	1,387,800
#Qu Yongjie	1,271,900	RMB common	1,271,900

		share	

Explanation of the relationship or concerted actions between the top 10 holders of unrestricted circulation stock and that between the top 10 holders of unrestricted circulation stock and the top 10 shareholders.	The Company does not know whether the above 10 shareholders are related or act in concert.
Explanation of the top 10 common stock shareholders' participation in securities margin trading (if any)	1. In addition to holding 8,288,277 shares through the ordinary securities account, Wu Jilin, the shareholder of the company, also holds 9,684,164 shares through the client credit trading guarantee securities account of CICC Wealth Management holding 17,972,441 shares in total; 2. In addition to holding 172,600 shares through the ordinary securities account, Zhu Rui, the shareholder of the company, also holds 1,976,800 shares in the client credit trading guarantee securities account of First Capital Securities Co., Ltd., holding a total of 2,149,400 shares; 3. In addition to holding 932,500 shares through the ordinary securities account, Wang Xing, the shareholder of the company, also holds 455,300 shares through the customer credit trading guarantee securities account of China Merchants Securities co. Ltd. (CMS), holding a total of 1,387,800 share; 4. In addition to holding 44,500 shares through the ordinary securities account, Qu Yongjie, a shareholder of the Company, also held 1,227,400 shares through the guaranteed securities account for customer credit trading guarantee securities account of Shanxi Securities Co., Ltd., holding a total of 1,271,900 shares;

Participation of shareholders holding more than 5% of the shares, top ten shareholders, and top ten shareholders with unlimited tradable shares in the lending of shares through the refinancing business

Not applicable

The top ten shareholders and the top ten shareholders with unlimited tradable shares have changed compared to the previous period due to the reasons of refinancing, lending, and repayment

Not applicable

Did the company's top 10 common stock shareholders and top 10 holders of unrestricted common stock engage in any agreed repurchase transactions during the reporting period

No

2. Controlling shareholders

Nature of controlling shareholder: central state-owned holding

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative /organization principal	Date of establishment	Organization code	Main operating business
AVIC International Holding Limited	Li Bin	June 20, 1997	91440300279351229A	Investment and industry (declared separately for specific items); Domestic commercial and material supply and marketing industry (excluding franchise,

				commodity under special government control and monopolized commodities); Operation of import and export business (except for items prohibited by laws, administrative regulations and decisions of the State Council, and restricted items shall not be operated without permission).
Equity status of other domestic and foreign listed companies that the controlling shareholder controls and participates in during the reporting period	AVIC International Holding Limited holds an 11.86% stake in Tianma Microelectronics Co., Ltd. (Shenzhen Tianma 000050) and a 63.97% stake in Shennan Circuits Co., Ltd. (Shennan Circuits 002916).			

Changes in controlling shareholders during the reporting period

Not applicable

3. Actual controller of the Company and its persons acting in concert

Nature of actual controller: central state-owned assets management agency

Type of actual controller: legal person

Name of actual controller	Legal representative/organization principal	Date of establishment	Organization code	Main operating business
Aviation Industry Corporation of China, LTD.	Zhou Xinmin	November 6, 2008	91110000710935732K	Operating state-owned assets within the scope authorized by the State Council; Research, design, development, testing, production, sales, maintenance, support and service of military aircraft and engines, guided weapons, military gas turbines, weapon equipment supporting systems and products; Investment and management in finance, leasing, general aviation services, transportation, medical treatment, engineering survey and design, engineering contracting and construction, real estate development and other industries; Design, research, development, testing, production, sales and

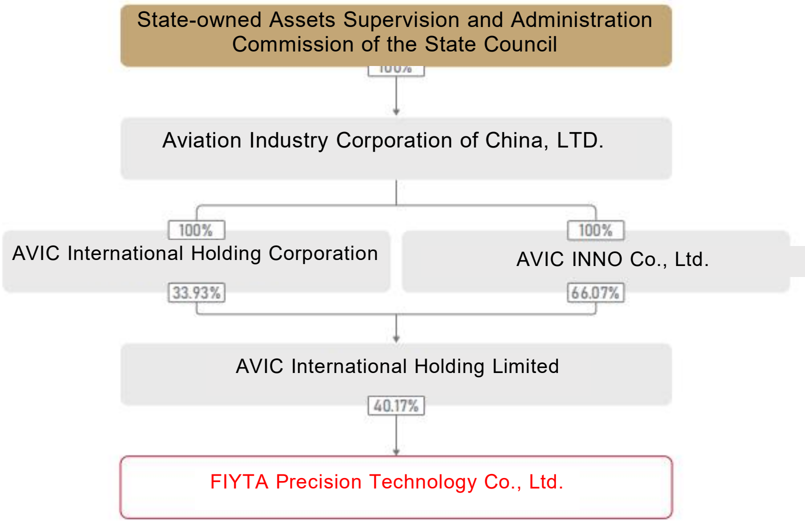
				maintenance services of civil aircraft and engines, airborne equipment and systems, gas turbines, automobiles and motorcycles and engines (including parts), refrigeration equipment, electronic products, environmental protection equipment and new energy equipment; equipment leasing; engineering survey and design; project contracting and construction; real estate development and operation; technology transfer and technical services related to the above business; import and export business; technical development and sales of ships; technical development of engineering equipment; technical development of new energy products (The enterprise may choose and conduct business independently in accordance with the law; the market entity may engage in such business only after being approved by relevant authorities. The market entity must not engage in business activities of items prohibited or restricted by this Municipality's industrial policies.)
Equity of other domestic and overseas listed companies controlled by the actual controller during the reporting period	In addition to the equity of the Company, AVIC directly or indirectly holds and controls the following shares of domestic and overseas listed companies: 1. Tianma Microelectronics Co., Ltd. (000050), with a shareholding ratio of 28%; 2. AVIC Xi'an Aircraft Industry Group Company Ltd. (000768.SZ), with a shareholding ratio of 55%; 3. AVIC Jonhon Optronic Technology Co., Ltd. (002179.SZ), with a shareholding ratio of 38%; 4. Sichuan Chengfei Integration Technology Corp. Ltd. (002190.SZ), with a shareholding ratio of 51%; 5. Rainbow Digital Commercial Co., Ltd. (002419.SZ), with a shareholding ratio of 45%; 6. AVIC Chengdu Aircraft Company Limited (302132.SZ), with a shareholding ratio of 89%; 7. AVICOPTER PLC (600038.SH), with a shareholding ratio of 54%; 8. Jiangxi Hongdu Aviation Industry Co., Ltd. (600316.SH), with a shareholding ratio of 48%; 9. AVIC Airborne Systems Co., Ltd. (600372.SH), with a shareholding ratio of 55%; 10. Guizhou Guihang Automotive Components Co., Ltd. (600523.SH), with a shareholding ratio of 46%; 11. AVIC Industry-Finance Holdings Co., Ltd. (600705.SH), with a shareholding ratio of 48%; 12. AVIC Shenyang Aircraft Company Limited (600760.SH), with a shareholding ratio of 68%; 13. AVIC Heavy Machinery Co., Ltd. (600765.SH), with a shareholding ratio of 37%; 14. Baosheng Science And Technology Innovation Co., Ltd. (600973.SH), with a shareholding ratio of 40%; 15. AVIC Aviation High-Technology Co., Ltd. (600862.SH), with a shareholding ratio of 45%; 16. Shennan Circuits Co., Ltd. (002916.SZ), with a shareholding ratio of 64%; 17. Hefei Jianghang Aircraft Equipment Co., Ltd. (688586.SH), with a shareholding ratio of 56%;			

	18. AVIC (Chengdu) UAS Co., Ltd. (688297.SH), with a shareholding ratio of 52%; 19. AVIC FORSTAR S&T Co., Ltd. (835640.BJ), with a shareholding ratio of 47%; 20. Nexteer Automotive Group Ltd. (01316.HK), with a shareholding ratio of 44%; 21. AviChina Industry & Technology Company Limited (02357.HK), with a shareholding ratio of 60%; 22. Continental Aerospace Technologies Holding Limited (00232.HK), with a shareholding ratio of 46%; 23. KHD Humboldt Wedag International AG (KWG:GR), with a shareholding ratio of 89%; 24. FACCAG (AT00000FACC), with a shareholding ratio of 55%.

Change of actual controller during the reporting period

Not applicable

Chart for the property and controlling relationships between COOEC and the actual controllers



The actual controller controls COOEC by way of trust or other asset management methods

Not applicable

4. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and persons acting in concert therewith accounted for 80% of the number of shares held by the Company

Not applicable

5. Other corporate shareholders holding more than 10% shares

Not applicable

6. Restrictions on shareholding reduction by controlling shareholders, actual controllers, restructuring parties and other commitment entities

Not applicable

IV. Specific implementation of share re-purchase in the reporting period

Implementation progress of share repurchase

Plan disclosure time	Number of shares to be repurchased (shares)	Proportion in total share capital	Amount to be repurchased (RMB 10,000)	Proposed repurchasing period	Repurchasing purpose	Quantity repurchased (shares)	Proportion of repurchased shares in the underlying shares involved in the equity incentive plan (if any)
Mar. 18, 2023	6.66 million shares to 13.32 million shares	1.59% to 3.19%	No less than RMB 50 million and no greater than RMB 100 million	April 27, 2023 to April 26, 2024	Cancellation and reduction of registered capital according to the law	9,355,763	

The implementation progress of the reduction of repurchased shares through centralized bidding

Not applicable

Section 8 Relevant information about preferred stock

Not applicable

Section 9 Bond-related information

Not applicable

Section 10 Financial Reporting

Auditor's Report

FIYTA Precision Technology Co., Ltd.

RSMSZ[2025]No.350Z0001

RSM CHINA CPA LLP

CHINA·BEIJING

If there is any conflict of meaning between the Chinese and English versions, the Chinese version will prevail

Contents

(English Translation for Reference Only)

Auditor’s Report

RSMSZ[2025]No.350Z0001

To the Shareholders of FIYTA Precision Technology Co., Ltd.，

Opinion

We have audited the financial statements of FIYTA Precision Technology Co., Ltd. (hereafter referred to as “the Company”), which comprises the consolidated and the parent company’s statement of financial position as at 31 December 2024, the consolidated and the parent company’s statement of profit or loss and other comprehensive income, the consolidated and the parent company’s statement of cash flows, the consolidated and the parent company’s statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying the Company’s financial statements present fairly, in all material respects, the consolidated and the company’s financial position as at 31 December 2024, and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we 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 judgment, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Existence and Net Realizable Value of Inventory

1. Descriptions of the matter

For the details, please refer to Note 3.13 and Note 5.6 of the financial statements.

As stated in Note 5.6, as of 31 December 2024, the carrying amount of the Company's inventory was RMB 2,057.8734 million, with an inventory write-down provision of RMB 73.3864 million, resulting in a net inventory value of RMB 1,984.487 million, accounting for 49.52% of total assets. The Company's main business involves selling FIYTA brand watches and other agency-branded watches, with year-end inventory primarily consisting of finished watches and watch components. Given the small size and high unit value of branded watches and the widely dispersed inventory across central warehouses, regional warehouses, and retail stores, there is a heightened risk related to inventory existence and impairment.

As of the balance sheet date, the Company's management is required to determine the net realizable value (NRV) of inventory, and any excess of cost over NRV should be written down accordingly. The determination of NRV involves significant management estimates regarding selling prices, costs to completion, selling expenses, and relevant taxes. Due to the materiality of the inventory balance and the significant accounting estimates and judgments involved in the impairment provision, we have identified the existence of inventory and the determination of its NRV as a key audit matter.

2. How the matter was addressed in our audit

The audit procedures we performed in relation to existence and net realizable value of inventory:

(1) Understanding, evaluating, and testing the design and operating effectiveness of

internal controls related to procurement and payment, production and warehousing, and inventory write-down provisions;

(2) Utilizing expert work to conduct IT audits on the information system to evaluate the authenticity and accuracy of business data related to financial reporting;

(3) Performing inventory counts at selected warehouses and retail stores to verify the existence and condition of year-end inventory;

(4) Selecting samples of significant purchases during the reporting period and tracing them to purchase contracts, invoices, purchase requisitions, and warehouse receipts;

(5) Sending confirmation requests to selected suppliers to verify transaction amounts and balances to confirm procurement details;

(6) Reviewing the Company's inventory impairment policy and methodology to assess its reasonableness, obtaining management's inventory impairment calculation, and evaluating key assumptions such as estimated selling prices, costs to completion, selling expenses, and related taxes, along with performing recalculations;

(7) Obtaining the year-end aging report for inventory, conducting analytical reviews based on product conditions, and assessing whether the inventory write-down provision is reasonable.

(II) Revenue Recognition

1. Descriptions of the matter

For the details, please refer to Note 3.27 and Note 5.34 of the financial statements.

As stated in Note 5.34 to the financial statements, the main operating revenue of the Company for the current year was RMB 3,928.8451 million, representing a 13.72% decrease compared to the previous year. The Company's main operating revenue is primarily derived from the sales of self-owned and agency-brand watches.

Since revenue is one of the Company's key performance indicators, there is an inherent risk that revenue may be recognized in the incorrect period or manipulated to meet specific targets or expectations. Therefore, we have identified the revenue recognition of the Company as a key audit matter.

2. How the matter was addressed in our audit

The audit procedures we performed in relation to revenue recognition:

(1) Understanding, evaluating, and testing the design and operating effectiveness of internal controls related to revenue recognition;
(2) Utilizing expert work to conduct IT audits on the information system, evaluating the authenticity and accuracy of business data related to financial reporting;
(3) Obtaining and reviewing accounting policies related to revenue recognition, and assessing whether the timing of control transfer, transaction price measurement, and special transaction accounting treatment comply with the requirements of accounting standards;
(4) Selecting samples to examine supporting documents related to revenue recognition, including sales contracts, sales invoices, mall reconciliation statements, customer receipt records, and logistics documents;
(5) Performing audit procedures on accounts receivable by selecting samples for confirmation of transaction amounts and balances with customers, as well as verifying subsequent collections;
(6) Selecting samples of sales revenue recognized before and after the balance sheet date to review sales contracts, sales invoices, mall reconciliation statements, customer receipt records, and logistics documents to evaluate whether revenue is recognized in the appropriate accounting period.

Other information

Management of the Company is responsible for the other information. The other information comprises the information included in the Annual Report of the Company for the year of 2024, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

i) Identify and assess the risks of material misstatement of the 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.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's 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 Company'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 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 Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

(This is seal page for Auditor's Report of RSMSZ[2025]No.350Z0001 for FIYTA Precision Technology Co., Ltd. without text.)

RSM China CPA LLP	______________________________
	Cai Ruxiao
	China Certified Public Accountant
	(Engagement Partner)
China·Beijing	
	______________________________
	Zheng Chaomin
	China Certified Public Accountant
	______________________________
	Ge Hua
	China Certified Public Accountant

12 March 2025

Consolidated Statement of Financial Position

31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	Note	2024-12-31	2023-12-31	Item	Note	2024-12-31	2023-12-31
Current assets:				**Current liabilities:**			
Monetary funds	5.1	518,954,177.49	504,629,153.71	Short-term borrowings	5.16	124,087,754.51	250,187,763.87
Financial assets held-for-trading				Financial liabilities held-for-trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable	5.2	29,611,600.60	18,268,972.37	Notes payable			
Accounts receivable	5.3	260,152,834.43	323,142,761.64	Accounts payable	5.17	115,532,921.57	173,825,907.71
Accounts receivable financing				Receipts in advance	5.18	11,783,796.49	10,267,758.31
Advances to suppliers	5.4	3,858,053.60	6,571,239.98	Contract liabilities	5.19	12,605,722.95	12,286,243.62
Premium receivable				Employee benefits payable	5.20	92,260,153.14	120,084,810.60
Other receivables	5.5	56,982,351.27	57,725,792.00	Taxes payable	5.21	49,815,151.35	64,188,161.31
Including: Interests receivable				Other payables	5.22	104,638,483.81	121,937,801.07
Dividend receivable				Including: Interests payables			
Inventories	5.6	1,984,486,969.74	2,100,666,175.28	Dividend payables	5.22	2,785,293.14	2,058,352.24
Contract assets				Liabilities classified as held for sale			
Assets classified as held for sale				Non-current liabilities maturing within one year	5.23	63,538,231.06	66,399,004.20
Non-current assets maturing within one year				Other current liabilities	5.24	1,529,468.07	1,589,635.30
Other current assets	5.7	98,007,925.22	72,249,391.81	**Total current liabilities**		**575,791,682.95**	**820,767,085.99**
Total current assets		**2,952,053,912.35**	**3,083,253,486.79**	**Non-current liabilities:**			
Non-current assets:				Insurance contract reserve			
Debt investments				Long-term borrowings			
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference share			
Long-term equity investments	5.8	50,907,036.84	51,862,607.30	Perpetual debt			
Other equity instrument investment				Lease liabilities	5.25	35,065,292.04	43,526,352.52
Other non-current financial assets				Long-term payables			
Investment properties	5.9	301,002,364.41	360,255,832.14	Long-term employee benefits payable			
Fixed assets	5.10	377,568,144.41	355,785,354.68	Estimated liabilities			
Construction in progress				Deferred income	5.26		952,785.69
Productive biological assets				Deferred tax liabilities	5.14	4,990,541.42	5,208,920.69
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	5.11	98,437,976.41	109,452,481.64	**Total non-current liabilities**		**40,055,833.46**	**49,688,058.90**
Intangible assets	5.12	31,567,927.16	31,664,380.77	**Total liabilities**		**615,847,516.41**	**870,455,144.89**
Development expenditures				**Owners' equity**			
Goodwill				Share capital	5.27	405,764,007.00	415,219,970.00
Long-term deferred expenses	5.13	110,205,323.29	122,324,355.13	Other equity instruments			
Deferred tax assets	5.14	82,155,778.31	80,227,771.46	Including: Preference shares			
Other non-current assets	5.15	3,792,253.84	9,434,627.17	Perpetual debt			
				Capital reserves	5.28	936,339,503.60	990,159,033.17
				Less: Treasury stock	5.29	12,815,556.81	78,645,532.23
				Other comprehensive income	5.30	15,686,794.62	19,325,335.93
				Special reserves	5.31	4,340,162.76	3,223,158.06
				Surplus reserves	5.32	275,010,401.50	275,010,401.50
				General risk reserves			
				Retained earnings	5.33	1,767,517,887.94	1,709,513,385.76
				Total owner's equity attributable to parent company		**3,391,843,200.61**	**3,333,805,752.19**
				Non-controlling interests			
Total non-current assets		**1,055,636,804.67**	**1,121,007,410.29**	**Total owners' equity**		**3,391,843,200.61**	**3,333,805,752.19**
Total assets		**4,007,690,717.02**	**4,204,260,897.08**	**Total liabilities and owners' equity**		**4,007,690,717.02**	**4,204,260,897.08**

Legal Representative: Zhang Xuhua Chief Financial Officer：Song Yaoming Finance Manager：Tian Hui

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	Note	2024	2023
I. Revenue	5.34	**3,940,530,934.07**	**4,569,690,002.99**
II. Cost of sales		**3,647,655,677.55**	**4,150,297,794.32**
Including: operating cost	5.34	2,476,197,934.43	2,905,463,474.81
Taxes and surcharges	5.35	31,477,134.80	36,193,846.10
Selling and distribution expenses	5.36	882,777,806.63	924,009,179.32
General and administrative expenses	5.37	183,277,930.17	205,359,277.24
Research and development expenses	5.38	56,000,000.18	57,802,244.08
Finance costs	5.39	17,924,871.34	21,469,772.77
Including: Interest expense	5.39	10,697,706.12	12,824,222.06
Interest income	5.39	4,925,264.78	5,722,586.39
Add: Other income	5.40	7,492,642.33	11,435,373.78
Investment income/(losses)	5.41	-431,254.89	-5,819,479.60
Including: Investment income from associates and joint ventures	5.41	-955,570.46	-5,819,479.60
Gains /(losses) from derecognition of financial assets measured at amortised cost			
Gains /(losses) from foreign exchange			
Income /(losses) from net exposure hedging			
Gains/(losses) from changes in fair values			
Credit impairment losses	5.42	266,485.96	6,827,575.82
Asset impairment losses	5.43	-19,289,865.31	571,980.37
Gains/(losses) from disposal of assets	5.44	2,367,816.60	685,868.57
III. Profit/(loss) from operations		**283,281,081.21**	**433,093,527.61**
Add: Non-operating income	5.45	3,623,505.31	4,770,506.80
Less: Non-operating expenses	5.46	788,917.93	859,770.10
IV. Profit/(loss) before tax		**286,115,668.59**	**437,004,264.31**
Less: Income tax expenses	5.47	65,765,483.60	103,826,161.94
V. Net profit/(loss) for the year		**220,350,184.99**	**333,178,102.37**
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		220,350,184.99	333,178,102.37
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent		220,350,184.99	333,178,102.37
Attributable to non-controlling interests			
VI. Other comprehensive income for the year, after tax		**-3,638,541.31**	**13,585,746.04**
(a) Attributable to owners of the parent		-3,638,541.31	13,585,746.04
(i) Other comprehensive income that will not be reclassified subsequently to profit or loss			
(ii) Other comprehensive income to be reclassified subsequently to profit or loss		-3,638,541.31	13,585,746.04
1. Exchange differences on translating foreign operations		-3,638,541.31	13,585,746.04
(b) Attributable to non-controlling interests			
VII. Total comprehensive income for the year		**216,711,643.68**	**346,763,848.41**
Attributable to owners of the parent		216,711,643.68	346,763,848.41
Attributable to non-controlling interests			
VIII. Earnings per share:			
Basic earnings per share		0.5385	0.8082
Diluted earnings per share		0.5378	0.8075

Legal Representative: Zhang Xuhua Chief Financial Officer：Song Yaoming Finance Manager： Tian Hui

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	Note	2024	2023
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		4,337,357,146.69	5,025,883,440.00
Cash received from tax refund		2,096,237.99	1,937,203.71
Other cash received relating to operating activities	5.49	49,625,091.94	68,179,211.21
Subtotal of cash inflows from operating activities		4,389,078,476.62	5,095,999,854.92
Cash payments for goods purchased and services received		2,664,684,979.78	3,155,385,386.12
Cash payments to and on behalf of employees		596,768,402.64	624,495,756.20
Payments for taxes		260,501,102.47	296,079,135.93
Other cash payments relating to operating activities	5.49	330,393,031.44	387,638,088.69
Subtotal of cash outflows from operating activities		3,852,347,516.33	4,463,598,366.94
Net cash flows from operating activities		**536,730,960.29**	**632,401,487.98**
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments			
Cash received from returns on investments		418,515.82	500,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		4,848,874.32	1,278,284.57
Net cash received from disposals of subsidiaries and other business units			
Other cash received relating to investing activities	5.49	201,839,677.57	
Subtotal of cash inflows from investing activities		207,107,067.71	1,778,284.57
Cash payments to acquire fixed, intangible and other long-term assets		86,818,686.04	91,104,776.03
Cash payments to acquire investments			
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities	5.49	231,179,882.49	
Subtotal of cash outflows from investing activities		317,998,568.53	91,104,776.03
Net cash flows from investing activities		**-110,891,500.82**	**-89,326,491.46**
III. Cash flows from financing activities			
Cash received from capital contributions			
Including: Cash receipts from capital contributions form non-controlling interests of subsidiaries			
Cash received from borrowings		323,957,187.86	250,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		323,957,187.86	250,000,000.00
Cash repayments of debts		450,000,000.00	290,000,000.00
Cash payments for dividends, distribution of profit and interest expenses		168,545,613.69	114,106,711.75
Including: Dividends, distribution of profit paid to non-controlling shareholders of subsidiaries			
Other cash payments relating to financing activities	5.49	116,757,093.91	198,056,975.77
Subtotal of cash outflows from financing activities		735,302,707.60	602,163,687.52
Net cash flows from financing activities		**-411,345,519.74**	**-352,163,687.52**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-168,915.95	-20,544.93
V. Net increase / (decrease) in cash and cash equivalents		**14,325,023.78**	**190,890,764.07**
Plus: Cash and cash equivalents at the beginning of the period		504,629,153.71	313,738,389.64
VI. Cash and cash equivalents at the end of the period		**518,954,177.49**	**504,629,153.71**

Legal Representative: Zhang Xuhua Chief Financial Officer:Song Yaoming Finance Manager:Tian Hui

Consolidated Statement of Changes in Owners' Equity

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	2024													
	Owners' equity attributable to the parent company												Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Subtotal		
		Preference shares	Perpetual capital securities	Others										
I. Balance at 31 December 2023	415,219,970.00				990,159,033.17	78,645,532.23	19,325,335.93	3,223,158.06	275,010,401.50		1,709,513,385.76	**3,333,805,752.19**		**3,333,805,752.19**
Add：Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Balance at 1 January 2024	**415,219,970.00**				**990,159,033.17**	**78,645,532.23**	**19,325,335.93**	**3,223,158.06**	**275,010,401.50**		**1,709,513,385.76**	**3,333,805,752.19**		**3,333,805,752.19**
III. Changes in equity during the reporting period	**-9,455,963.00**				**-53,819,529.57**	**-65,829,975.42**	**-3,638,541.31**	**1,117,004.70**			**58,004,502.18**	**58,037,448.42**		**58,037,448.42**
(i) Total comprehensive income							-3,638,541.31				220,350,184.99	**216,711,643.68**		**216,711,643.68**
(ii) Capital contributions or withdrawals by owners	-9,455,963.00				-53,819,529.57	-65,829,975.42						**2,554,482.85**		**2,554,482.85**
1. Ordinary shares contributed by shareholders	-9,355,763.00				-54,984,906.42	-64,340,669.42								
2. Capital contributed by holders of other equity instruments														
3. Share-based payments recognised in owners' equity	-100,200.00				1,165,376.85	-1,489,306.00						**2,554,482.85**		**2,554,482.85**
4. Others														

(iii) Profit distribution											-162,345,682.81	**-162,345,682.81**		**-162,345,682.81**
1. Transfer to surplus reserves														
2. Transfer to general risk reserves														
3. Profit distribution to owners (or shareholders)											-162,345,682.81	**-162,345,682.81**		**-162,345,682.81**
4. Others														
(iv) Transfer within owners' equity														
1. Capital reserves converted to share capital														
2. Surplus reserves converted to share capital														
3. Loss made up by surplus reserves														
4. Changes in the defined benefit plan transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(v) Special reserves								1,117,004.70				**1,117,004.70**		**1,117,004.70**
1. Withdrawal during the reporting period								1,521,112.80				**1,521,112.80**		**1,521,112.80**
2. Usage during the reporting period								-404,108.10				**-404,108.10**		**-404,108.10**
(vi) Others														
IV. Balance at 31 December 2024	**405,764,007.00**				**936,339,503.60**	**12,815,556.81**	**15,686,794.62**	**4,340,162.76**	**275,010,401.50**		**1,767,517,887.94**	**3,391,843,200.61**		**3,391,843,200.61**

Legal Representative: Zhang Xuhua   Chief Financial Officer:Song Yaoming   Finance Manager:Tian Hui

Consolidated Statement of Changes in Owners' Equity

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	2023													
	Owners' equity attributable to the parent company												Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Subtotal		
		Preference shares	Perpetual capital securities	Others										
I. Balance at 31 December 2022	417,627,960.00				1,007,086,643.48	50,759,806.16	5,739,589.89	2,012,064.91	275,010,401.50		1,479,706,638.53	**3,136,423,492.15**		**3,136,423,492.15**
Add：Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Balance at 1 January 2023	**417,627,960.00**				**1,007,086,643.48**	**50,759,806.16**	**5,739,589.89**	**2,012,064.91**	**275,010,401.50**		**1,479,706,638.53**	**3,136,423,492.15**		**3,136,423,492.15**
III. Changes in equity during the reporting period	**-2,407,990.00**				**-16,927,610.31**	**27,885,726.07**	**13,585,746.04**	**1,211,093.15**			**229,806,747.23**	**197,382,260.04**		**197,382,260.04**
(i) Total comprehensive income							13,585,746.04				333,178,102.37	**346,763,848.41**		**346,763,848.41**
(ii) Capital contributions or withdrawals by owners	-2,407,990.00				-16,927,610.31	27,885,726.07						**-47,221,326.38**		**-47,221,326.38**
1. Ordinary shares contributed by shareholders						64,340,669.42						**-64,340,669.42**		**-64,340,669.42**
2．Capital contributed by holders of other equity instruments														
3．Share-based payments recognised in owners' equity	-2,407,990.00				-16,915,253.76	-36,454,943.35						**17,131,699.59**		**17,131,699.59**

4. Others					-12,356.55							**-12,356.55**		**-12,356.55**
(iii) Profit distribution											-103,371,355.14	**-103,371,355.14**		**-103,371,355.14**
1. Transfer to surplus reserves														
2. Transfer to general risk reserves														
3. Profit distribution to owners (or shareholders)											-103,371,355.14	**-103,371,355.14**		**-103,371,355.14**
4. Others														
(iv) Transfer within owners' equity														
1. Capital reserves converted to share capital														
2. Surplus reserves converted to share capital														
3. Loss made up by surplus reserves														
4. Changes in the defined benefit plan transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(v) Special reserves								1,211,093.15				**1,211,093.15**		**1,211,093.15**
1. Withdrawal during the reporting period								1,537,825.22				**1,537,825.22**		**1,537,825.22**
2. Usage during the reporting period								-326,732.07				**-326,732.07**		**-326,732.07**
(vi) Others														
IV. Balance at 31 December 2023	**415,219,970.00**				**990,159,033.17**	**78,645,532.23**	**19,325,335.93**	**3,223,158.06**	**275,010,401.50**		**1,709,513,385.76**	**3,333,805,752.19**		**3,333,805,752.19**

Legal Representative: Zhang Xuhua　　Chief Financial Officer:Song Yaoming　　Finance Manager:Tian Hui

Statement of Financial Position of Parent Company

31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd.

Unit：Yuan Currency: RMB

Item	Note	2024-12-31	2023-12-31	Item	Note	2024-12-31	2023-12-31
Current assets:				**Current liabilities:**			
Monetary funds		390,160,466.41	308,230,255.35	Short-term borrowings		120,130,566.65	250,187,763.87
Financial assets held-for-trading				Financial liabilities held-for-trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Accounts receivable	16.1	4,631,990.38	1,822,916.61	Accounts payable		1,928,876.85	2,285,657.88
Accounts receivable financing				Receipts in advance		11,783,796.49	10,267,758.31
Advances to suppliers				Contract liabilities			
Other receivables	16.2	659,565,868.48	696,328,419.85	Employee benefits payable		23,190,240.79	25,886,702.67
Including: Interests receivable				Taxes payable		779,783.47	3,322,241.54
Dividend receivable				Other payables		252,129,600.19	224,668,548.77
Inventories		45,565.43		Including: Interests payables			
Contract assets				Dividend payables		2,785,293.14	2,058,352.24
Assets classified as held for sale				Liabilities classified as held for sale			
Non-current assets maturing within one year				Non-current liabilities maturing within one year			
Other current assets		16,189,136.04	15,886,769.82	Other current liabilities			
Total current assets		**1,070,593,026.74**	**1,022,268,361.63**	**Total current liabilities**		**409,942,864.44**	**516,618,673.04**
Non-current assets:				**Non-current liabilities:**			
Debt investments				Long-term borrowings			
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference share			
Long-term equity investments	16.3	1,643,450,922.75	1,633,041,716.11	Perpetual debt			
Other equity instrument investment				Lease liabilities			
Other non-current financial assets				Long-term payables			
Investment properties		237,185,496.11	293,695,692.68	Long-term employee benefits payable			
Fixed assets		241,791,004.56	207,209,890.94	Estimated liabilities			
Construction in progress				Deferred income			952,785.69
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets				**Total non-current liabilities**			**952,785.69**
Intangible assets		24,189,360.11	23,460,211.70	**Total liabilities**		**409,942,864.44**	**517,571,458.73**
Development expenditures				**Owners' equity**			
Goodwill				Share capital		405,764,007.00	415,219,970.00
Long-term deferred expenses		3,692,497.29	4,795,846.73	Other equity instruments			
Deferred tax assets		931,572.58	640,783.05	Including: Preference shares			
Other non-current assets		1,358,052.54	710,807.49	Perpetual debt			
				Capital reserves		939,217,999.41	993,037,528.98
				Less: Treasury stock		12,815,556.81	78,645,532.23
				Other comprehensive income			
				Special reserves			
				Surplus reserves		275,010,401.50	275,010,401.50
				Retained earnings		1,206,072,217.14	1,063,629,483.35
Total non-current assets		**2,152,598,905.94**	**2,163,554,948.70**	**Total owners' equity**		**2,813,249,068.24**	**2,668,251,851.60**
Total non-current assets		**3,223,191,932.68**	**3,185,823,310.33**	**Total liabilities and owners' equity**		**3,223,191,932.68**	**3,185,823,310.33**

Legal Representative: Zhang Xuhua Chief Financial Officer:Song Yaoming Finance Manager:Tian Hui

Statement of Profit or Loss and Other Comprehensive Income of Parent Company

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd.　　Unit：Yuan　Currency: RMB

Item	Note	2024	2023
I. Revenue	16.4	184,540,282.60	180,874,926.74
Less: Costs of sales	16.4	56,887,861.74	49,729,440.87
Taxes and surcharges		7,760,550.74	7,815,174.54
Selling and distribution expenses		36,615,636.74	16,395,826.35
Administrative expenses		50,131,039.57	53,755,060.51
Research and development expenses		13,813,526.33	12,959,491.24
Finance costs		-2,116,792.12	-947,061.34
Including: Interest expense		1,342,394.82	2,405,575.67
Interest income		3,871,354.75	4,460,371.04
Add: Other income		1,163,695.74	1,097,603.80
Investment income/(losses)	16.5	287,322,662.30	192,180,520.40
Including: Investment income from associates and joint ventures	16.5	-955,570.46	-5,819,479.60
Gains /(losses) from derecognition of financial assets measured at amortised cost			
Income /(losses) from net exposure hedging			
Gains/(losses) from changes in fair values			
Credit impairment losses		-1,785,286.03	-104,859.73
Asset impairment losses			
Gains/(losses) from disposal of assets		2,917,069.98	635,033.80
II. Profit/(loss) from operations		**311,066,601.59**	234,975,292.84
Add: Non-operating income		1,273.46	8,037.20
Less: Non-operating expenses		360,776.94	312,375.33
III. Profit/(loss) before tax		**310,707,098.11**	**234,670,954.71**
Less: Income tax expenses		5,918,681.51	10,687,283.10
IV. Net profit/(loss) for the year		**304,788,416.60**	**223,983,671.61**
Net profit/(loss) from continuing operation		**304,788,416.60**	**223,983,671.61**
Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax			
(i) Other comprehensive income that will not be reclassified subsequently to profit or loss			
(ii) Other comprehensive income to be reclassified subsequently to profit or loss			
VI. Total comprehensive income for the year		**304,788,416.60**	**223,983,671.61**

Legal Representative: Zhang Xuhua　　Chief Financial Officer:Song Yaoming　　Finance Manager:Tian Hui

Statement of Cash Flows of Parent Company

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd. Unit：Yuan Currency: RMB

Item	Note	2024	2023
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		195,929,990.98	189,464,980.58
Cash received from tax refund		47,921.04	
Other cash received relating to operating activities		3,946,025,896.49	4,225,525,553.06
Subtotal of cash inflows from operating activities		4,142,003,808.51	4,414,990,533.64
Cash payments for goods purchased and services received		20,605,249.00	9,573,850.00
Cash payments to and on behalf of employees		74,801,849.07	61,402,333.15
Payments for taxes		24,754,181.25	20,428,198.75
Other cash payments relating to operating activities		3,917,630,232.90	4,154,707,540.94
Subtotal of cash outflows from operating activities		4,037,791,512.22	4,246,111,922.84
Net cash flows from operating activities		**104,212,296.29**	**168,878,610.80**
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments			
Cash received from returns on investments		288,278,232.76	198,500,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		4,742,145.47	1,146,737.46
Net cash received from disposals of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		293,020,378.23	199,646,737.46
Cash payments to acquire fixed, intangible and other long-term assets		5,993,530.21	7,686,801.71
Cash payments to acquire investments		10,000,000.00	90,000,000.00
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		15,993,530.21	97,686,801.71
Net cash flows from investing activities		**277,026,848.02**	**101,959,935.75**
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		320,000,000.00	250,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		320,000,000.00	250,000,000.00
Cash repayments of debts		450,000,000.00	290,000,000.00
Cash payments for dividends, distribution of profit and interest expenses		168,545,613.69	114,106,711.75
Other cash payments relating to financing activities		794,690.45	83,148,230.83
Subtotal of cash outflows from financing activities		619,340,304.14	487,254,942.58
Net cash flows from financing activities		**-299,340,304.14**	**-237,254,942.58**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		31,370.89	-44,371.78
V. Net increase / (decrease) in cash and cash equivalents		**81,930,211.06**	**33,539,232.19**
Plus: Cash and cash equivalents at the beginning of the period		308,230,255.35	274,691,023.16
VI. Cash and cash equivalents at the end of the period		**390,160,466.41**	**308,230,255.35**

Legal Representative: Zhang Xuhua Chief Financial Officer:Song Yaoming Finance Manager:Tian Hui

Statement of Changes in Owners' Equity of Parent Company

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd.

Unit：Yuan Currency: RMB

Item	2024										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2023	415,219,970.00				993,037,528.98	78,645,532.23			275,010,401.50	1,063,629,483.35	**2,668,251,851.60**
Add：Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at 1 January 2024	**415,219,970.00**				**993,037,528.98**	**78,645,532.23**			**275,010,401.50**	**1,063,629,483.35**	**2,668,251,851.60**
III. Changes in equity during the reporting period	**-9,455,963.00**				**-53,819,529.57**	**-65,829,975.42**				**142,442,733.79**	**144,997,216.64**
(i) Total comprehensive income										304,788,416.60	**304,788,416.60**
(ii) Capital contributions or withdrawals by owners	-9,455,963.00				-53,819,529.57	-65,829,975.42					**2,554,482.85**
1．Ordinary shares contributed by shareholders	-9,355,763.00				-54,984,906.42	-64,340,669.42					
2．Capital contributed by holders of other equity instruments											
3．Share-based payments recognised in owners' equity	-100,200.00				1,165,376.85	-1,489,306.00					**2,554,482.85**

4. Others											
(iii) Profit distribution										-162,345,682.81	**-162,345,682.81**
1. Transfer to surplus reserves											
2. Profit distribution to owners (or shareholders)										-162,345,682.81	**-162,345,682.81**
3. Others											
(iv) Transfer within owners' equity											
1. Capital reserves converted to share capital											
2. Surplus reserves converted to share capital											
3. Loss made up by surplus reserves											
4. Changes in the defined benefit plan transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(v) Special reserves											
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2024	**405,764,007.00**				**939,217,999.41**	**12,815,556.81**			**275,010,401.50**	**1,206,072,217.14**	**2,813,249,068.24**

Legal Representative: Zhang Xuhua   Chief Financial Officer:Song Yaoming   Finance Manager:Tian Hui

Statement of Changes in Owners' Equity

For the year ended 31 December 2024

Prepared by: FIYTA Precision Technology Co., Ltd.

Unit：Yuan　Currency: RMB

Item	2023										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2022	417,627,960.00				1,010,917,776.19	50,759,806.16			275,010,401.50	943,017,166.88	**2,595,813,498.41**
Add：Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at 1 January 2023	**417,627,960.00**				**1,010,917,776.19**	**50,759,806.16**			**275,010,401.50**	**943,017,166.88**	**2,595,813,498.41**
III. Changes in equity during the reporting period	**-2,407,990.00**				**-17,880,247.21**	**27,885,726.07**				**120,612,316.47**	**72,438,353.19**
(i) Total comprehensive income										223,983,671.61	**223,983,671.61**
(ii) Capital contributions or withdrawals by owners	-2,407,990.00				-17,880,247.21	27,885,726.07					**-48,173,963.28**
1. Ordinary shares contributed by shareholders						64,340,669.42					**-64,340,669.42**
2．Capital contributed by holders of other equity instruments											
3．Share-based payments recognised in owners' equity	-2,407,990.00				-17,867,890.66	-36,454,943.35					**16,179,062.69**
4．Others					-12,356.55						**-12,356.55**
(iii) Profit distribution										-103,371,355.14	**-103,371,355.14**

1．Transfer to surplus reserves											
2．Profit distribution to owners (or shareholders)										-103,371,355.14	**-103,371,355.14**
3．Others											
(iv) Transfer within owners' equity											
1． Capital reserves converted to share capital											
2．Surplus reserves converted to share capital											
3．Loss made up by surplus reserves											
4．Changes in the defined benefit plan transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(v) Special reserves											
1．Withdrawal during the reporting period											
2．Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2023	**415,219,970.00**				**993,037,528.98**	**78,645,532.23**			**275,010,401.50**	**1,063,629,483.35**	**2,668,251,851.60**

Legal Representative: Zhang Xuhua　　Chief Financial Officer:Song Yaoming　　Finance Manager:Tian Hui

FIYTA Precision Technology Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2024

（All amounts are expressed in Renminbi Yuan(“RMB”)unless otherwise stated）

1. BASIC INFORMATION ABOUT THE COMPANY

FIYTA Precision Technology Co., Ltd. (hereinafter referred to as “the Company”) was established, under the approval of Shen Fu Ban Fu (1992) 1259 issued by the General Office of Shenzhen Municipal Government, through the restructuring of former Shenzhen FIYTA Time Industrial Company by the promoter of China National Aero-Technology Import and Export Shenzhen Industry & Trade Center (name changed to “China National Aero-Technology Shenzhen Co., Ltd” lately) on 25 December 1992. On 3 June 1993, both the Company was listed on Shenzhen Stock Exchange. The Company holds business license with the Unified Social Credit Code of 914403001921897783K.

As at 31 December 2024, the outstanding shares issued by the Company was 405.764007 million shares and the registered capital was 405.764007 million after a series of share dividends, rights offering, capitalization of reserves, and issuing of new shares. The Company’s registered address is FIYTA Hi-Tech Building, Gao Xin Nan Yi Dao, Nanshan District, Shenzhen, Guangdong Province, where the Company’s headquarters locates. The parent company of the Company is CATIC Shenzhen Holdings Limited (CATIC Shenzhen) and the ultimate controlling party of the Company is Aviation Industry Corporation of China, Ltd. (AVIC) .

The business nature and main operating activities of the Company and its subsidiaries mainly include: Watch and Clock Sales; Watch and Timing Instrument Manufacturing; Watch and Timing Instrument Sales; Jewelry Wholesale; Jewelry Retail; Wearable Intelligent Devices Manufacturing; Wearable Intelligent Devices Sales; Non-residential Real Estate Leasing; Professional Design Services; Sales of Household Electrical Appliances; Sales of Satellite Mobile Communication Terminals. (Except for projects that require approval by law, business activities may be conducted independently based on the business license in accordance with the law.)

The Company included a total of 12 subsidiaries in the consolidation scope for the current period. For details, refer to Note 7, *Interests in Other Entities*. There were no changes in the entities included in the consolidated financial statements compared to the previous period.

The financial statements were approved and authorized for issue, upon the resolution of the Company’s Board of Directors meeting on 12 March 2025.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC"). In addition, the Company discloses the relevant financial information in accordance with "*Rules No.15 for the Information Disclosure and Reporting of Companies Offering Securities to the Public - General Requirements for Financial Reporting (2023 Revision)*" issued by CSRC.

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 31 December 2024, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from 1 January to 31 December in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

The Company and its domestic subsidiaries use RMB as the functional currency. The Company's overseas subsidiary, FIYTA (Hong Kong) Limited ("FIYTA Hong Kong"), has determined HKD as its functional currency based on the primary economic environment in which it operates. Montres Chouriet SA, a subsidiary of FIYTA Hong Kong, has determined CHF as its functional currency based on its operating environment. When preparing financial statements, their amounts are translated into RMB. The Company prepares its financial statements in RMB.

3.5 Determining Factor and Basis of Selection of Materiality

Item	Factor and basis of materiality
Accounts receivable with significant reversal or recovery of provision for bad debts recognized during the current period	The amount of an individual item for year-end balance is more than RMB 1,000,000
Significant other payables aged more than one year	The amount of an individual item for year-end balance is more than RMB 1,000,000

3.6 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognise the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

(i) It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;

(ii) If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognised in profit or loss of the reporting period.

(c) Treatment of business combination related costs

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be recorded as a part of the value of the respect equity or debt securities upon initial recognition.

3.7 Judgment of Control and Method of Preparing the Consolidated Financial Statements

(a) Judgment of control and consolidation decision

Control exists when the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The definition of control contains there elements: - power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Company controls an investee if and only if the Company has all the above three elements.

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting rights (or similar) or together with other arrangement, but also structured entities under one or more contractual arrangements.

Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

(b) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.

(ii) The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.

(iv) Make adjustments to special transactions from the perspective of the group.

(c) Special consideration in consolidation elimination

(i) Long-term equity investment held by the subsidiaries to the Company shall be recognised as treasury stock of the Company, which is offset with the owner's equity, represented as "treasury stock" under "owner's equity" in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off-set) against the portion of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered based on the proportion attributable to owners of the parent company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

(iv) Unrealised inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated against "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion of the Company in the selling subsidiaries.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

3.8 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company shall recognise the following items in relation to shared interest in a joint operation, and account for them in accordance with relevant accounting standards of the Accounting Standards for Business Enterprises:

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture by applying the equity method of long-term equity investment.

3.9 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(a) Determination of the exchange rate for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

(b) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

(c) Translation of foreign currency financial statements

Before translating the financial statements of foreign operations, the accounting period and accounting policy shall be adjusted so as to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method:

(i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.

(ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction.

(iii) Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.

(iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as "other comprehensive income" under the owners' equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognised under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

3.11 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

(i) The rights to the contractual cash flows from a financial asset expire

(ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity’s business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

(i)Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

(ii)Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii)Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

(i)Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii)Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

(iii) Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company’s own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity’s own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (ie all cash shortfalls), discounted at the original effective interest rate or credit- adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

Receivables

For the notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Group 1: Accounts receivables due from customers

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Deposit and guarantee receivable

Group 2: Employee advance payments

Group 3: Others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

The Company calculates the aging of receivables (notes receivable, accounts receivable, and other receivables) based on the period from the transaction date to the balance sheet date to determine credit risk characteristic groups.

Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower’s ability to meet its debt obligations；
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower；
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower’s economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;

- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument；
- Significant changes in the expected performance and behavior of the borrower；
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower； a breach of contract, such as a default or past due event; 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； it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;the disappearance of an active market for that financial asset because of financial difficulties； the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for*

Business Enterprises - Recognition and Measurement of Financial Instruments).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised；

- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be recognised as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognise any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the

Company shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to Note 3.12

3.12 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

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

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.13 Inventories

(a) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, work in progress, and goods in stock, etc.

(b) Measurement method of cost of inventories sold or used

The cost of raw materials and goods in stock (except the branded luxury watch inventory) used or sold is determined on the weighted average basis, while the cost of the branded luxury watch inventory used or sold is determined on individual valuation method basis.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

(d) Recognition Criteria and Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on group basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

3.14 Contract Assets and Contract Liabilities

The Company shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the Company’s satisfying a performance obligation and the customer’s payment. A contract asset shall be presented if the Company has the right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the Company has the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to Note 3.11.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.15 Contract costs

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The Company shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

(i) the costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;

(ii) the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

(iii) the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the Company expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The Company recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

(i) the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Company shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Inventory” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recgonised as an asset, the Company shall present them in the account “Other current asset” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

3.16 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners’ equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners’ equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as other equity investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recogised into retained earnings of the period of using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

(d) Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint ventures, provision for impairment loss please refer to Note 3.22.

3.17 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

(i)Land use right leased out

(ii)Land held for transfer upon appreciation

(iii)Buildings leased out

(b) The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. For provision for impairment please refer to Note 3.22.

The Company calculates the depreciation or amortization based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates are listed as followings:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	20-35	5.00	2.71-4.85

3.18 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

(i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

(ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(b) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	straight-line-method	20-35	5.00	2.71-4.85
Machinery equipment	straight-line-method	10	5.00-10.00	9.00-9.50
Electrical equipment	straight-line-method	5	5.00	19.00
Vehicles	straight-line-method	5	5.00	19.00
Other equipment	straight-line-method	5	5.00	19.00

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

3.19 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.20 Borrowing Costs

(a) Recognition criteria and period for capitalization of borrowing costs

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

(i) Expenditures for the asset are being incurred;

(ii) Borrowing costs are being incurred, and;

(iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognised as expenses when incurred.

(b) Capitalization rate and measurement of capitalized amounts of borrowing costs

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalisation rate will be the weighted average of the borrowing costs applicable to the general borrowing.

3.21 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

(i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50years	Legal life

Category	Estimated useful life	Basis
Software	5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Right to use the trademark	5-10 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortisation method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis [units of production method] over the useful life. The amortisation amount shall be recognised into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

(c) Scope of Research and Development Expenditures

The Company classifies the expenses directly related to research and development activities as research and development expenditures, including remuneration of research and development staff, direct material, depreciation cost and long-term amortised expense, design fee, equipment commissioning fee, intangible assets amortisation cost, outsourcing research and development cost, and other expenses, etc.

(d) Criteria of classifying expenditures on internal research and development projects

into research phase and development phase

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase.

Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

Development activities after the research phase of the Company shall be treated as development phase.

(e) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

(i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;

(ii) Its intention to complete the intangible asset and use or sell it;

(iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;

(iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(v) Its ability to measure reliably the expenditure attributable to the intangible asset.

3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties subsequently measured at cost, fixed assets ,constructions in progress, intangible assets, and right of use assets, shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated and the impairment loss shall be recognised accordingly. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year.

Long-term deferred expenses are evenly amortised over the beneficial period and the amortised period for each expense are as following:

Item	Amortisation period
Counter fabrication expenses	2-3 years
Decoration expenses	3-5 years
Others	2-3 years

3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of decreased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as “Employee benefits payable” and “Long-term employee benefits payable”.

(a) Short-term employee benefits

(i) Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefits.

(iii) Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

(iv) Short-term paid absences

The company shall recognise the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(v)Short-term profit-sharing plan

The Company shall recognise the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- The Company has a present legal or constructive obligation to make such payments as a result of past events; and
- A reliable estimate of the amounts of employee benefits obligation arising from the profit- sharing plan can be made.

(b) Post-employment benefits

(i) Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(ii) Defined benefit plan

The present value of defined benefit obligation and current service costs

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognised as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The amount recognised in the cost of asset or current profit or loss

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognised in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

The amount recognised in other comprehensive income

Changes in the net liability or asset of the defined benefit plan resulting from the remeasurements including:

- Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognised in other comprehensive income within equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

(i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

(ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

(d) Other long-term employee benefits

(i) Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

(ii) Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognised the cost of employee benefit from other long-term employee benefits as the following components:

- Service costs;
- Net interest cost for net liability or asset of other long-term employee benefits
- Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognised in profit or loss or relevant cost of assets.

3.25 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognises the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

(i) That obligation is a current obligation of the Company;

(ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and

(iii) The amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount shall be adjusted based on the updated best estimate.

3.26 Share-based Payments

(a) Classification of share-based payments

Share-based payments of the Company include equity-settled share-based payments and cash-settled share-based payments.

(b) Determining fair value of equity instruments

(i) The fair value of shares granted to the employees can be determined by reference to the quotations in the active market, adjusted in accordance with the terms and conditions granted (excluding vesting conditions other than market conditions).

(ii) For share option granted to the employees, it is usually difficult to obtain its market price. If the share option with similar terms and conditions is not available, the Company estimates the fair value of those options using an applicable option pricing model.

(c) Basis of best estimate of equity instruments expected to vest

Every balance sheet date during the vesting period, the Company makes best estimate according to the most updated number of employees that are eligible to exercise their options and revises the number of equity instruments expected to vest in order to make the best estimate of equity instruments expected to vest.

(d) Accounting for implementation of share-based payment programs

Cash-settled share-based payment

(i) For cash-settled share-based payment vested immediately after granting, the Company shall recognise relevant costs or expenses at the fair value of the liability borne at grant date and a corresponding increase in liability. Until the liability is settled, the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss.

(ii) If the share instrument do not vest until services during the vesting period are completed or performance conditions are satisfied during the vesting period, at the end of each reporting period during the vesting period, the Company shall recognise relevant costs or expenses and the corresponding increase in liability for services received in the reporting period at the fair value of the liability borne, based on the best available estimate of the number expected to vest.

Equity-settled share-based payment

(i) For equity-settled share-based payment transaction in which services are received, if the equity instrument granted vest immediately, the Company shall recognise relevant costs or expenses at the fair value of the equity instruments at grant date and the corresponding increase in capital reserve.

(ii) If the equity instrument do not vest until services during the vesting period are completed or performance conditions are satisfied , at the end of each reporting period during the vesting period, the Company shall recognise relevant costs or expenses and the corresponding increase in capital reserve for services received in the reporting period at the fair value of the equity instruments at grant date, based on the best available estimate of the number of equity instruments expected to vest.

(e) Accounting for modification of share-based payment programs

When the Company modifies terms and conditions of the share-based payment program, if the modification increases the fair value of the equity instruments granted, the increased amount should be recognised for service received accordingly; if the quantity granted of the equity instruments is increased, the increased amount should be recgonised for service received accordingly as well. If the modification reduces the total fair value of the share-based payment arrangement, or the terms are changed in such a way that the arrangement is no longer for the benefit of the employee, the entity is still required to account for the services received as consideration for the equity instruments granted as if that modification had not occurred unless a part or all of the equity instruments are cancelled.

(f) Accounting for termination of share-based payment programs

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall:

(i) Account for the cancellation or settlement as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(ii)Account for any payment made to the employee on the cancellation or settlement of the grant as the repurchase of an equity interest, and recognize any excess of the payment over the fair value of the equity instruments measured at the repurchase date as an expense.

If the Company repurchases vested equity instruments, the payment made to the employee shall be accounted for as a deduction from equity, and recognize any excess of the payment over the fair value of the equity instruments measured at the repurchase date shall be recognised in current profit or loss.

3.27 Revenue

(a) General Principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortised using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

(ii) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

(iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

(i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;

(ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;

(iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;

(iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;

(v) The customer has accepted the asset.

Sale with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Company shall recognise revenue for the transferred products in the amount of consideration to which the Company expects to be entitled and a refund liability at the amounts receivable for which the Company does not expect to be entitled; meanwhile, an asset shall be recognised as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Company shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranties

In accordance with the contract, the law or other requirements, the Company provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Company shall treat it in accordance with " Accounting Standards for Business Enterprise No. 13-Contingencies". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Company shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognise revenue when the customer obtains the control of the service. In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Company shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the Company promises to perform.

Principal versus agent considerations

The Company determines whether it is a principal or an agent of the transaction on the basis of whether it has control over the goods or services before they are transferred to customers. If the Company obtains the control of the specified goods or services from another party and then transfers the goods or services to the customer, the Company is therefore a principal, and recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. Otherwise, the Company is an agent, and shall recognise revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by another party. The fee or commission might be the net amount of received or receivable consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

Consideration payable to a customer

The Company shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. The reduction of revenue shall be recognised when (or as) the later of either of the following events occurs: the Company recognises revenue for the transfer of the related goods or services to the customer; and the Company pays or promises to pay the consideration.

Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the Company shall recognise a contract liability in the amount of the prepayment and recognise revenue when it satisfies its performance obligation. If the prepayment to the Company is non-refundable and the customer may not exercise part or all of its contractual rights, and the Company expects to be entitled to a breakage amount related to those unexercised rights of the customer, the Company shall recognise the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the Company shall recognise the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modifications

When the construction contract modifications exist between the Company and the customer:

(i) The Company shall account for a contract modification as a separate contract if the modification results in the addition of promised construction services that are distinct and increase of the price of the contract, and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices of the additional promised construction services;

(ii) If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance, and the remaining construction services are distinct from the construction services transferred on or before the date of the contract modification, the Company shall account for the contract modification as if it were a termination of the existing contract and the creation of a new contract with the combination of the remaining performance obligations of the existing contract and the contract modification.

(iii) If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance, and the remaining construction services cannot be distinct from the construction services transferred on or before the date of the contract modification, the Company shall account for the contract modification as if it were a part of the existing contract and the effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue at the date of the contract modification.

(b) Specific Method

Revenue recognition methods of the Company are as follows:

(i) Sales of watch

Sale of watch belongs to fulfilling performance obligations at a point of time.

A. Online sales

Revenue shall be recognized at the point that the goods are dispatched, the customer confirmed received the goods, and the platform has collected the payment

B. Offline sales

Revenue shall be recognized at the point when the goods are delivered and payment by customer is collected.

Revenue shall be recognized at the point when the products are delivered to and accepted by the customer, the payment has been received or the right to collect payment is obtained, and related economic benefits are probable to flow into the entity

C. Consignment sale

Under consignment sales arrangements, revenue is recognized upon receiving the sales list from the consignee, confirming that control of goods has been transferred to the customer.

D. Sale of consigned goods from others

Under sale arrangement of consigned goods from others, the Company recognizes revenue using the net method when external consigned products are delivered to customers and control of the goods has been transferred to the buyer

(ii) Precision manufacturing

Precision manufacturing business belongs to fulfilling performance obligations at a point of time. Revenue from domestic sales shall be recognized when the goods are delivered and the economic benefit associated with the goods is probable to flow into the Company. Revenue from export shall be recognized when the following criteria is satisfied: the Company declared the good at custom; obtained bill of lading; the right of collecting payment is obtained and its probable that the economic benefit associated with the goods flows into the Company.

(iii) Property leasing

For the accounting treatment of the Company as a lessor, please refer to Note 3.30.

3.28 Government Grants

(a) Recognition of government grants

A government grant shall not be recgonised until there is reasonable assurance that:

(i) The Company will comply with the conditions attaching to them; and

(ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss.

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

(iii) Loan interest subsidy

When loan interest subsidy is allocated to the bank, and the bank provides a loan at lower-market rate of interest to the Company, the loan is recognised at the actual received amount, and the interest expense is calculated based on the principal of the loan and the lower-market rate of interest.

When loan interest subsidy is directly allocated to the Company, the subsidy shall be recognised as offsetting the relevant borrowing cost.

(iv) Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognised into current profit or loss; or directly recognised into current profit or loss for other circumstances.

3.29 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(i) Is not a business combination; and

(ii) At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

(i) The temporary difference will reverse in the foreseeable future; and

(ii) Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

(i) No deferred tax liability shall be recognised for taxable temporary differences arising from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

(ii) An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:

- The Company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognised, and simultaneously, goodwill recognised in the business combination shall be adjusted based on relevant deferred tax expense (income).

(ii) Items directly recognised in equity

Current tax and deferred tax related to items that are recognised directly in equity shall be recognised in equity. Such items include: other comprehensive income generated from fair value fluctuation of other debt investments; an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

Under a business combination, the acquiree’s deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognised. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree’s deductible temporary differences at the acquisition is expected to be realised, the Company shall recognise acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognised in profit or loss. All other acquired deferred tax benefits realised shall be recognised in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognised according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognised when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the cumulative expenses related to share-based payment recognised according to the accounting standards, the tax effect of the excess amount shall be recognised directly in equity.

(d) Basis for deferred income tax assets and deferred income tax liabilities presented on a net basis

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if: (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.30 Leases

(a) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.

(i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee’s right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- 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 lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, 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 Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.25. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(i) Operating leases

The Company shall recognise lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalised and recognised as an expense over the lease term on the same basis as the lease income. The Company shall recognise the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(ii) Finance leases

At the commencement date, the Company shall recognise the lease receivables at an account equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognise the asset relating to the finance lease. The Company shall recognise interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognise the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

(e) Lease modifications

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The Company shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in Note 3.27.

(i) The Company as a seller (lessee)

If the transfer of the asset is not a sale, the Company shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability according to Note 3.11. If the transfer of the asset is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(ii) The Company as a buyer (lessor)

If the transfer of the asset is not a sale, the Company shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset according to Note 3.11. If the transfer of the asset is a sale, the Company shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

3.31 Safety Production Costs

According to the relevant regulations, the Company accrues the safety production costs.

The safety production costs shall be recognised in the cost of the relevant products or current profit or loss when makes the accrual, and included in the "special reserve" account simultaneously.

When the accrued safety production costs are used within the scope of the regulations, it shall be treated as expense and directly deducted from the special reserve; if the fixed assets are capitalized, the expenditure incurred shall be firstly collectively recorded in "construction in progress" and recognised as fixed asset when the safety project has been completed for its intended use. At the same time, the cost that capitalized as the fixed assets shall be deducted from the special reserve and the accumulated depreciation with the same amount shall be recognised. The fixed assets shall not be depreciated in subsequent reporting period.

3.32 Repurchase of Company's Share

(a) If the Company reduces its registered capital through repurchase of the Company's share according to the approval required in relevant laws and regulations, the share capital shall be reduced at the par value of the shares deregistered, the difference between the consideration paid for repurchase (including the transaction cost) and the par value of the shares shall adjust the owner's equity. Any excess of the total par value shall offset the capital reserve (share premium), surplus reserve and retained earnings in turn. If the consideration paid is less than the total par value, the difference shall increase the capital reserve (share premium).

(b) Before being deregistered or transfered, shares repurchased by the Company shall be treated as treasury stock and all expenditures of the repurchase shall be recognised as the cost of treasury stock.

(c) Any excess of the income generated from transferring the treasury stock over their cost shall increase the capital reserve (share premium), and any less shall offset the capital reserve (share premium), surplus reserve and retained earnings in turn.

3.33 Restricted Stock

In the equity incentive plan, the Company shall grant restricted shares to the motivated target, and the motivated object first subscribes for the stock. If the subsequent unlocking conditions specified in the equity incentive plan are not met, the Company repurchases the stock at the price agreed in advance. If the restricted shares issued to employees are subject to the procedures for capital increase such as registration in accordance with relevant regulations, at grant date, the Company shall recognise the share capital and capital reserve (share premium) based on the received subscription fees from the employees; treasury stocks and other payables shall be recognised based on the repurchase obligation.

3.34 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

On 25 October 2023, the Ministry of Finance issued *Interpretation of Accounting Standards for Business Enterprises No.17 (Caikuai[2023] No.21)* (hereinafter referred to as "Interpretation No.17") shall be implemented as of 1 January 2024. The Company implemented the provision on 1 January 2024. There are not any significant impacts on the Company's financial statements during the reporting period for the implementation of Interpretation No.17.

The *Compilation of Enterprise Accounting Standards Application Guidelines 2024*, issued by the Ministry of Finance in March 2024, and *Interpretation No. 18 of Enterprise Accounting Standards*, issued on 6 December 2024, stipulate that warranty-related expenses should be included in the cost of sales. There are not any significant impacts on the Company's financial statements during the reporting period for the implementation.

(b) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Taxable revenue	Output tax is calculated at rates of 5%, 6%, 9%, and 13% based on sales revenue. After deducting input tax as per regulations, the net tax payable is determined.
Consumption tax	Taxable Price and Sales Volume of High-End Watch Sales Revenue	20%
Urban maintenance and construction tax	Turnover tax payable	5%, 7%
Property tax	70% or 80% of the original cost of property	1.2%, 12%

Tax rates of income tax of different subsidiaries are stated as below:

Name of Taxpayer	Rate of Income Tax
FIYTA Precision Technology Co., Ltd.	25%
Shenzhen HARMONY World Watch Center Co., Ltd. (i)	25%
FIYTA Sales Co., Ltd. (i)	25%
Shenzhen FIYTA Precision Technology Co., Ltd. (ii)	15%
Shenzhen FIYTA Technology Development Co., Ltd. (ii)	15%
HARMONY World Watch Center(Hainan) Co., Ltd. (v)	20%
Shenzhen Xunhang Precision Technology Co., Ltd.	25%
Emile Choureit Timing (Shenzhen) Ltd.	25%

Name of Taxpayer	Rate of Income Tax
Liaoning Hengdarui Commercial & Trade Co., Ltd.	25%
Temporal (Shenzhen) Co., Ltd.	25%
Shenzhen Harmony E-commerce Co., Ltd. (v)	20%
FIYTA Hong Kong (iii)	16.5%
Montres Chouriet SA (iv)	30%

Notes:

(i) According to the relevant provisions of the Notice of the State Administration of Taxation on *Issuing the Interim Measures for the Administration of Collection of Enterprise Income Tax on the Basis of Consolidation of Trans-regional Business Operations,* the head office of the Company and its branches shall be governed by the administrative measures for enterprise income tax, namely namely “centralized calculation, level-by-level administration, pre-payment at the locality, consolidated settlement and payment, and transfer to treasury”. 50% of the prepayment shall be apportioned among the branches and 50% shall be apportioned by the head office;

(ii) the companies enjoy the corporate income tax rate reduction for “key high-tech enterprises supported by the state”;

(iii) the company is incorporated in Hong Kong and is subject to Hong Kong Profits Tax at a rate of 16.50% for the current year;

(iv) the company is incorporated in Switzerland and is subject to the local tax rate, which the comprehensive tax rate for the current year is 30%;

(v) the companies qualify as small low-profit enterprises and are subject to corporate income tax at a rate of 20%.

4.2 Tax Preference

In accordance with the *Corporate Income Tax Law of the People's Republic of China*, high-tech enterprises that are key areas of state support are subject to a reduced corporate income tax rate of 15%. The subsidiary, Shenzhen FIYTA Precision Technology Co., Ltd., was certified as a high-tech enterprise in 2024 with a certificate number of GR202444200965, valid for three years, and is subject to a corporate income tax rate of 15% from 2024 to 2026. The subsidiary, Shenzhen FIYTA Technology Development Co., Ltd., was certified as a high-tech enterprise in 2022 with a certificate number of GR202244204678, valid for three years, and is subject to a corporate income tax rate of 15% from 2022 to 2024.

In accordance with the relevant provisions of the *Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses* (Cai Shui [2023] No. 6), small low-profit enterprises are allowed to include only 25% of their income in the taxable income base and are then subject to a 20% corporate income tax rate.

In accordance with the *Notice of the Ministry of Finance and the State Administration of*

Taxation on Extending the Loss Carryforward Period for High-Tech Enterprises and Technology-Based Small and Medium-Sized Enterprises (Cai Shui [2018] No. 76), effective from January 1, 2018, any unutilized losses incurred during the five accounting years prior to obtaining high-tech enterprise status may be carried forward to subsequent years. The maximum carryforward period has been extended from five years to ten years.

In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pre-Tax Additional Deduction Policy for R&D Expenses* (Cai Shui [2023] No. 7), for R&D expenses actually incurred by enterprises that do not result in the creation of an intangible asset (and are therefore recorded in the current profit or loss), an additional 100% deduction may be claimed for tax purposes, on top of the statutory deduction, starting from January 1, 2023. If the R&D activities result in the creation of an intangible asset, beginning January 1, 2023, 200% of the intangible asset's cost may be amortized for tax purposes.

Since 2019, Hong Kong has implemented a two-tiered profits tax regime. Under this system, the first HKD 2 million of profits is taxed at a rate of 8.25%, and any profits exceeding that threshold continue to be taxed at 16.5%.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary funds

Items	31 December 2024	31 December 2023
Cash on hand	76,344.01	178,996.87
Cash in bank	18,205,968.96	35,443,378.12
Other monetary funds	2,055,640.10	1,262,979.96
Funds in finance company	498,616,224.42	467,743,798.76
Total	518,954,177.49	504,629,153.71
Including：The total amount deposited overseas	6,150,258.49	1,202,601.86

Notes:

(i) Funds in finance company primarily refer to amounts held at AVIC Finance Co., Ltd..

(ii) As of 31 December 2024, the Company has no pledged or frozen funds, nor any amounts with potential recovery risk.

5.2 Notes Receivable

(a) Notes receivable by category

Items	31 December 2024			31 December 2023		
	Book Balance	Provision for bad debt	Carrying amount	Book Balance	Provision for bad debt	Carrying amount
Bank acceptance	9,184,912.30		9,184,912.30	10,363,449.00		10,363,449.00

Items	31 December 2024			31 December 2023		
	Book Balance	Provision for bad debt	Carrying amount	Book Balance	Provision for bad debt	Carrying amount
bills						
Commercial acceptance bills	21,501,777.16	1,075,088.86	20,426,688.30	8,321,603.55	416,080.18	7,905,523.37
Total	30,686,689.46	1,075,088.86	29,611,600.60	18,685,052.55	416,080.18	18,268,972.37

(b) Notes receivable discounted or endorsed to third parties but not yet matured at 31 December 2024

Items	Amount derecognised as at the end of the reporting period	Amount not derecognised as at the end of the reporting period
Bank acceptance bills		3,957,187.86

(c) Notes receivable by bad debt provision method

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	30,686,689.46	100.00	1,075,088.86	3.50	29,611,600.60
Including: Group 2	9,184,912.30	29.93			9,184,912.30
Group 1	21,501,777.16	70.07	1,075,088.86	5.00	20,426,688.30
Total	30,686,689.46	100.00	1,075,088.86	3.50	29,611,600.60

(Continued)

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	18,685,052.55	100.00	416,080.18	2.23	18,268,972.37
Including: Group 2	10,363,449.00	55.46			10,363,449.00
Group 1	8,321,603.55	44.54	416,080.18	5.00	7,905,523.37
Total	18,685,052.55	100.00	416,080.18	2.23	18,268,972.37

For details of recognition criteria and explanation for provision of bad debt by groups, please refer to Notes 3.11.

(d) Changes of provision for bad debt during the reporting period

Category	31 December 2023	Changes during the reporting period				31 December 2024
		Provision	Recovery or reversal	Elimination or write-off	others	
Provision for bad debt recognised individually						
Provision for bad debt recognised by groups	416,080.18	659,008.68				1,075,088.86
Including: Group 2						
Group 1	416,080.18	659,008.68				1,075,088.86
Total	416,080.18	659,008.68				1,075,088.86

5.3 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 December 2024	31 December 2023
Within one year	271,349,349.06	333,204,160.07
1-2 years	764,175.79	2,123,874.00
2-3 years	1,410,843.36	4,200,458.08
Over 3 years	20,138,406.23	18,005,255.95
Subtotal	293,662,774.44	357,533,748.10
Less: provision for bad debt	33,509,940.01	34,390,986.46
Total	260,152,834.43	323,142,761.64

(b) Accounts receivable by bad debt provision method

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually	25,816,016.35	8.79	24,222,124.31	93.83	1,593,892.04
Provision for bad debt recognised by groups	267,846,758.09	91.21	9,287,815.70	3.47	258,558,942.39
Including:Group1	267,846,758.09	91.21	9,287,815.70	3.47	258,558,942.39
Total	293,662,774.44	100.00	33,509,940.01	11.41	260,152,834.43

(Continued)

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually	24,708,541.73	6.91	23,148,792.25	93.69	1,559,749.48
Provision for bad debt recognised by groups	332,825,206.37	93.09	11,242,194.21	3.38	321,583,012.16
Including:Group1	332,825,206.37	93.09	11,242,194.21	3.38	321,583,012.16
Total	357,533,748.10	100.00	34,390,986.46	9.62	323,142,761.64

Detailed explanation of provision for bad debt:

(i) As at 31 December 2024, accounts receivable with bad debt provision recognised individually

Name	31 December 2024			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for provision
Other customers	25,816,016.35	24,222,124.31	93.83	Existence of disputes, poor management, ect

(ii) As at 31 December 2024, accounts receivable with bad debt provision recognised by group 1

Aging	31 December 2024			31 December 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within one year	266,494,339.01	8,150,327.80	3.06	330,569,799.62	9,694,581.78	2.93
1-2 years	238,812.42	23,881.24	10.00	786,438.13	78,643.81	10.00
Over 2 years	1,113,606.66	1,113,606.66	100.00	1,468,968.62	1,468,968.62	100.00
Total	267,846,758.09	9,287,815.70	3.47	332,825,206.37	11,242,194.21	3.38

(c) Changes of provision for bad debt during the reporting period

Category	31 December 2023	Changes during the reporting period				31 December 2024
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debt recognised individually	23,148,792.25	4,728,732.75	3,699,262.84		43,862.15	24,222,124.31
Provision for bad debt recognised by groups	11,242,194.21	-1,945,944.73			-8,433.78	9,287,815.70
Including:Group1	11,242,194.21	-1,945,944.73			-8,433.78	9,287,815.70
Total	34,390,986.46	2,782,788.02	3,699,262.84		35,428.37	33,509,940.01

(d) No accounts receivable written off during the reporting period

(e) Top five closing balances by entity

Entity name	Balance of accounts receivable as at 31 December 2024	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt of accounts receivable
Total of the top five accounts receivable balances at the end of the period	66,853,017.27	22.77	2,006,553.32

5.4 Advances to Suppliers

(a) Advances to suppliers by aging

Aging	31 December 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	3,858,053.60	100.00	6,564,760.64	99.90
1 to 2 years			6,479.34	0.10
Total	3,858,053.60	100.00	6,571,239.98	100.00

(b) Top five closing balances by entity

Entity name	Balance as at 31 December 2024	Proportion of the balance to the total advances to suppliers (%)
Total of the top five advances to suppliers at the end of the period	2,591,111.66	67.16

5.5 Other Receivables

(a) Other receivables by aging

Aging	31 December 2024	31 December 2023
Within one year	59,521,049.33	60,575,208.36
1-2 years	302,069.34	219,738.83
2-3 years	219,738.83	119,250.00
Over 3 years	1,278,954.90	1,159,704.90
Subtotal	61,321,812.40	62,073,902.09
Less: provision for bad debt	4,339,461.13	4,348,110.09
Total	56,982,351.27	57,725,792.00

(b) Other receivables by nature

Nature	31 December 2024	31 December 2023
Deposit and guarantee receivable	52,384,967.00	51,775,226.86
Employee advance payments	1,282,327.49	1,549,821.50
Others	7,654,517.91	8,748,853.73
Subtotal	61,321,812.40	62,073,902.09
Less: provision for bad debt	4,339,461.13	4,348,110.09

Nature	31 December 2024	31 December 2023
Total	56,982,351.27	57,725,792.00

(c) Other receivables by bad debt provision method

A. As at 31 December 2024, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	59,786,824.63	2,872,168.83	56,914,655.80
Stage 2			
Stage 3	1,534,987.77	1,467,292.30	67,695.47
Total	61,321,812.40	4,339,461.13	56,982,351.27

As at 31 December 2024, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	59,786,824.63	4.80	2,872,168.83	56,914,655.80
Including: Group 1	51,515,791.06	5.10	2,629,814.29	48,885,976.77
Group 2	1,282,327.49			1,282,327.49
Group 3	6,988,706.08	3.47	242,354.54	6,746,351.54
Total	59,786,824.63	4.80	2,872,168.83	56,914,655.80

As at 31 December 2024, provision for bad debt at stage 3:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	1,534,987.77	95.59	1,467,292.30	67,695.47

B. As at 31 December 2023, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	60,655,587.19	2,980,723.19	57,674,864.00
Stage 2			
Stage 3	1,418,314.90	1,367,386.90	50,928.00
Total	62,073,902.09	4,348,110.09	57,725,792.00

As at 31 December 2023, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	60,655,587.19	4.91	2,980,723.19	57,674,864.00

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Including: Group 1	51,304,601.86	5.07	2,603,277.66	48,701,324.20
Group 2	1,549,821.50			1,549,821.50
Group 3	7,801,163.83	4.84	377,445.53	7,423,718.30
Total	60,655,587.19	4.91	2,980,723.19	57,674,864.00

As at 31 December 2023, provision for bad debt at stage 3:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually	1,418,314.90	96.41	1,367,386.90	50,928.00

Basis of provision for bad debt during the reporting period:

For details of recognition criteria and explanation for provision of bad debt by groups, please refer to Notes 3.11

(d) Changes of provision for bad debt during the reporting period

Category	31 December 2023	Changes during the reporting period				31 December 2024
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debt recognised individually	1,367,386.90	153,905.40	54,000.00			1,467,292.30
Provision for bad debt recognised by groups	2,980,723.19	-108,925.22			370.86	2,872,168.83
Total	4,348,110.09	44,980.18	54,000.00		370.86	4,339,461.13

(e) No other receivables written off during the reporting period

(f) Top five closing balances by entity

Entity name	Balance as at 31 December 2024	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Total of the top five other receivables at the end of the period.	9,225,085.62	15.04	479,606.52

5.6 Inventories

(a) Inventories by category

Items	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	114,983,902.68	2,082,708.59	112,901,194.09	167,281,491.84	5,290,855.71	161,990,636.13
Work in process	8,125,895.42		8,125,895.42	12,060,525.88		12,060,525.88
Goods in stock	1,934,763,585.61	71,303,705.38	1863,459,880.23	1,993,236,975.36	66,621,962.09	1,926,615,013.27

Items	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	2,057,873,383.71	73,386,413.97	1,984,486,969.74	2,172,578,993.08	71,912,817.80	2,100,666,175.28

(b) Provision for impairment

Items	31 December 2023	Increase during the reporting period		Decrease during the reporting period		31 December 2024
		Provision	Others	Reversal or elimination	Others	
Raw materials	5,290,855.71			3,208,147.12		2,082,708.59
Goods in stock	66,621,962.09	27,005,965.72	25,097.41	22,349,319.84		71,303,705.38
Total	71,912,817.80	27,005,965.72	25,097.41	25,557,466.96		73,386,413.97

5.7 Other Current Assets

Items	31 December 2024	31 December 2023
Reclassification from debit side balance of VAT payable	45,766,634.09	52,749,847.21
Term Deposit	29,408,855.46	
Advance Tax Payment	4,402,072.04	1,364,632.40
Others	18,430,363.63	18,134,912.20
Total	98,007,925.22	72,249,391.81

5.8 Long-term Equity Investments

Investees	31 December 2023	Changes during the reporting period				
		Additional investment	Decrease in investment	Investment income/(losses) recognised under equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Shanghai Watch Co., Ltd.	51,862,607.30			-955,570.46		

(Continued)

Investees	Changes during the reporting period			31 December 2024	Provision for impairment at 31 December 2024
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
II. Associates					
Shanghai Watch Co., Ltd.				50,907,036.84	

5.9 Investment Properties

(a) Investment properties accounted for using cost model

Items	Building and plants
Initial cost:	
Balance as at 31 December 2023	620,335,023.89
Increase during the reporting period	
Decrease during the reporting period	75,789,731.02
(i) Transfer to fixed assets	75,789,731.02
Balance as at 31 December 2024	544,545,292.87
Accumulated depreciation and amortisation:	
Balance as at 31 December 2023	260,079,191.75
Increase during the reporting period	15,693,988.44
(i) Provision	15,693,988.44
Decrease during the reporting period	32,230,251.73
(i) Transfer to fixed assets	32,230,251.73
Balance as at 31 December 2024	243,542,928.46
Provision for impairment:	
Carrying amount:	
Balance as at 31 December 2024	301,002,364.41
Balance as at 31 December 2023	360,255,832.14

5.10 Fixed Assets

(a)Details of fixed assets

Items	Buildings and constructions	Machinery equipment	Vehicles	Electrical equipment	Other equipment	Total
Initial cost:						
Balance as at 31 December 2023	441,589,632.63	130,667,789.21	13,277,093.83	50,657,219.07	44,094,254.35	680,285,989.09
Increase during the reporting period	75,854,590.88	2,379,881.58		2,557,928.15	1,082,683.36	81,875,083.97
(i) Acquisition		2,353,092.05		2,557,647.89	1,082,683.36	5,993,423.30
(ii)Transfer from investment properties	75,789,731.02					75,789,731.02
(iii) Exchange differences on translating foreign operations	64,859.86	26,789.53		280.26		91,929.65
Decrease during the reporting period	1,926,012.87	1,387,079.51	1,245,349.81	1,471,532.10	1,361,194.70	7,391,168.99
(i) Disposal	570,549.99	128,105.05	1,245,349.81	1,427,788.83	1,245,924.14	4,617,717.82
(ii) Exchange differences on translating foreign operations	1,355,462.88	1,258,974.46		43,743.27	115,270.56	2,773,451.17
Balance as at 31 December 2024	515,518,210.64	131,660,591.28	12,031,744.02	51,743,615.12	43,815,743.01	754,769,904.07
Accumulated						

Items	Buildings and constructions	Machinery equipment	Vehicles	Electrical equipment	Other equipment	Total
depreciation:						
Balance as at 31 December 2023	152,207,027.41	83,133,593.32	12,078,669.40	37,956,542.09	39,124,802.19	324,500,634.41
Increase during the reporting period	44,774,266.46	8,704,010.54	299,445.54	3,749,008.67	1,214,525.71	58,741,256.92
(i) Provision	12,488,279.49	8,678,572.22	299,445.54	3,748,742.42	1,214,525.71	26,429,565.38
(ii)Transfer from investment properties	32,230,251.73					32,230,251.73
(iii) Exchange differences on translating foreign operations	55,735.24	25,438.32		266.25		81,439.81
Decrease during the reporting period	1,020,863.84	1,284,047.80	1,183,082.31	1,305,750.47	1,246,387.25	6,040,131.67
(i) Disposal	395,811.19	113,925.59	1,183,082.31	1,266,625.97	1,131,286.81	4,090,731.87
(ii) Exchange differences on translating foreign operations	625,052.65	1,170,122.21		39,124.50	115,100.44	1,949,399.80
Balance as at 31 December 2024	195,960,430.03	90,553,556.06	11,195,032.63	40,399,800.29	39,092,940.65	377,201,759.66
Provision for impairment:						
Carrying amount:						
Balance as at 31 December 2024	319,557,780.61	41,107,035.22	836,711.39	11,343,814.83	4,722,802.36	377,568,144.41
Balance as at 31 December 2023	289,382,605.22	47,534,195.89	1,198,424.43	12,700,676.98	4,969,452.16	355,785,354.68

(b) Fixed assets without certificate of title

Items	Carrying amount	Reason
Buildings and constructions	174,611.32	Defective property rights

5.11 Right-of-use Assets

Items	Buildings and constructions
Initial cost:	
Balance as at 31 December 2023	153,209,897.81
Increase during the reporting period	104,569,011.66
(i) New leasing	104,563,758.75
(ii) Exchange differences on translating foreign operations	5,252.91
Decrease during the reporting period	41,047,029.98
Balance as at 31 December 2024	216,731,879.49
Accumulated depreciation:	
Balance as at 31 December 2023	43,757,416.17

Items	Buildings and constructions
Increase during the reporting period	107,307,185.01
(i) Provision	107,301,685.07
(ii) Exchange differences on translating foreign operations	5,499.94
Decrease during the reporting period	32,770,698.10
Balance as at 31 December 2024	118,293,903.08
Provision for impairment:	
Carrying amount:	
Balance as at 31 December 2024	98,437,976.41
Balance as at 31 December 2023	109,452,481.64

5.12 Intangible Assets

Items	Land use rights	Software	Right to use the trademark	Total
Initial cost:				
Balance as at 31 December 2023	34,933,822.40	35,242,672.55	16,599,485.22	86,775,980.17
Increase during the reporting period		3,521,544.01	5,867.94	3,527,411.95
(i) Acquisition		3,521,544.01	5,867.94	3,527,411.95
Decrease during the reporting period				
Balance as at 31 December 2024	34,933,822.40	38,764,216.56	16,605,353.16	90,303,392.12
Accumulated depreciation:				
Balance as at 31 December 2023	17,249,475.30	27,593,853.68	10,268,270.42	55,111,599.40
Increase during the reporting period	733,553.28	2,848,199.71	42,112.57	3,623,865.56
(i) Provision	733,553.28	2,848,199.71	42,112.57	3,623,865.56
Decrease during the reporting period				
Balance as at 31 December 2024	17,983,028.58	30,442,053.39	10,310,382.99	58,735,464.96
Provision for impairment:				
Carrying amount:				
Balance as at 31 December 2024	16,950,793.82	8,322,163.17	6,294,970.17	31,567,927.16
Balance as at 31 December 2023	17,684,347.10	7,648,818.87	6,331,214.80	31,664,380.77

5.13 Long-term Deferred Expenses

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period		31 December 2024
			Amortisation	Other decrease	
Counter fabrication expenses	19,008,343.84	24,379,030.21	19,034,937.92		24,352,436.13

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period		31 December 2024
			Amortisation	Other decrease	
Renovation expenses	96,297,010.20	35,550,587.92	48,706,771.89		83,140,826.23
Others	7,019,001.09	179,522.85	4,486,463.01		2,712,060.93
Total	122,324,355.13	60,109,140.98	72,228,172.82		110,205,323.29

5.14 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 December 2024		31 December 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	108,844,748.49	25,235,985.22	107,672,653.16	24,371,732.35
Unrealised intragroup profit	65,606,873.01	16,083,716.18	83,620,908.60	20,855,280.62
Deductible losses	150,789,689.25	35,315,775.40	126,562,143.51	31,197,892.87
Equity Incentive	7,958,442.71	1,839,229.47	6,263,007.85	1,449,733.06
Lease liabilities	98,553,370.15	24,638,342.52	109,682,960.95	27,420,740.27
Others	11,064,124.31	2,766,031.08	5,168,527.80	1,292,131.95
Total	442,817,247.92	105,879,079.87	438,970,201.87	106,587,511.12

(b) Deferred tax liabilities before offsetting

Items	31 December 2024		31 December 2023	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
One-off deduction of fixed asset before Corporate income tax	27,444,135.67	4,116,620.35	28,437,227.07	4,265,584.06
Right-of-use asset	98,388,890.53	24,597,222.63	109,212,305.15	27,303,076.29
Total	125,833,026.20	28,713,842.98	137,649,532.22	31,568,660.35

(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting

Items	Offset amount at 31 December 2024	Net balance after offsetting at 31 December 2024	Offset amount at 31 December 2023	Net balance after offsetting at 31 December 2023
Deferred tax assets	23,723,301.56	82,155,778.31	26,359,739.66	80,227,771.46
Deferred tax liabilities	23,723,301.56	4,990,541.42	26,359,739.66	5,208,920.69

(d) Unrecognized deferred tax assets

Items	31 December 2024	31 December 2023
Deductible temporary differences	3,466,155.48	3,395,341.37
Deductible losses	42,305,096.05	52,523,345.89
Total	45,771,251.53	55,918,687.26

(e) Deductible losses not recognised as deferred tax assets will expire in the following periods:

Year	31 December 2024	31 December 2023
2024		23,049,503.37
2025	18,449,678.50	29,473,842.52
2026	23,855,417.55	
Total	42,305,096.05	52,523,345.89

5.15 Other Non-current Assets

Items	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment of long-term assets	3,792,253.84		3,792,253.84	9,434,627.17		9,434,627.17

5.16 Short-term Borrowings

Items	31 December 2024	31 December 2023
Credit loans	124,087,754.51	250,187,763.87
Bill discounting	3,957,187.86	
Accrued interest payable	130,566.65	187,763.87
Total	124,087,754.51	250,187,763.87

5.17 Accounts Payable

Items	31 December 2024	31 December 2023
Payables for goods	114,881,141.96	171,652,832.83
Payables for project	651,779.61	2,173,074.88
Total	115,532,921.57	173,825,907.71

5.18 Receipts in advance

Items	31 December 2024	31 December 2023
Rental received in advance	11,783,796.49	10,267,758.31

5.19 Contract liabilities

Items	31 December 2024	31 December 2023
Advances for goods	12,605,722.95	12,286,243.62

5.20 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Short-term employee benefits	114,204,051.03	503,849,943.53	538,803,441.50	79,250,553.06
Post-employment benefits-defined contribution plans	5,581,451.36	48,623,343.18	46,235,423.88	7,969,370.66
Termination benefits	299,308.21	15,031,771.49	10,290,850.28	5,040,229.42
Total	120,084,810.60	567,505,058.20	595,329,715.66	92,260,153.14

(b) Short-term employee benefits

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Salaries, bonuses, allowances and subsidies	113,282,042.05	445,277,389.38	480,497,002.69	78,062,428.74
Employee benefits	162,095.02	9,601,151.98	9,688,531.54	74,715.46
Social insurance	78.32	23,532,363.96	23,292,392.65	240,049.63
Including: Health insurance		21,442,774.67	21,202,803.36	239,971.31
Injury insurance	78.32	1,170,191.51	1,170,191.51	78.32
Birth insurance		919,397.78	919,397.78	
Housing accumulation fund	13,551.00	19,127,275.53	19,133,537.53	7,289.00
Labour union funds and employee education funds	746,284.64	6,311,762.68	6,191,977.09	866,070.23
Total	114,204,051.03	503,849,943.53	538,803,441.50	79,250,553.06

(c) Defined contribution plans

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Post-employment benefits:				
1. Basic endowment insurance	208,205.97	41,880,916.32	41,848,702.38	240,419.91
2. Unemployment insurance	379.88	1,857,822.32	1,857,818.16	384.04
3. Enterprise annuity	5,372,865.51	4,884,604.54	2,528,903.34	7,728,566.71
Total	5,581,451.36	48,623,343.18	46,235,423.88	7,969,370.66

5.21 Taxes Payable

Items	31 December 2024	31 December 2023
Value added tax (VAT)	33,699,458.80	38,997,243.97
Corporate income tax	11,535,771.24	21,276,050.77
Individual income tax	994,923.84	1,101,633.76
Urban maintenance and construction tax	1,359,840.26	1,047,680.77
Educational surcharge	972,536.24	748,598.11
Others	1,252,620.97	1,016,953.93
Total	49,815,151.35	64,188,161.31

5.22 Other Payables

(a) Other payables by category

Items	31 December 2024	31 December 2023
Dividend payable	2,785,293.14	2,058,352.24
Other payables	101,853,190.67	119,879,448.83
Total	104,638,483.81	121,937,801.07

(b) Dividends payable

Items	31 December 2024	31 December 2023
Dividends on ordinary shares	2,785,293.14	2,058,352.24

(c) Other payables

Items	31 December 2024	31 December 2023
Deposit, security deposit	31,563,500.48	34,075,198.63
Repurchase liability for restricted shares	12,815,556.81	14,304,862.81
Decoration expenses	3,978,759.28	10,214,019.04
Accrued expenses and others	53,495,374.10	61,285,368.35
Total	101,853,190.67	119,879,448.83

5.23 Non-current Liabilities Maturing within One Year

Items	31 December 2024	31 December 2023
Lease liabilities due within one year	63,538,231.06	66,399,004.20

5.24 Other Current Liabilities

Items	31 December 2024	31 December 2023
Tax payable-reclassification from credit balance of VAT Payable	1,529,468.07	1,589,635.30

5.25 Lease liabilities

Items	31 December 2024	31 December 2023
Lease payments	101,263,377.23	113,786,386.87
Less: Unrealised finance expenses	2,659,854.13	3,861,030.15
Subtotal	98,603,523.1	109,925,356.72
Less: lease liabilities due within one year	63,538,231.06	66,399,004.20
Total	35,065,292.04	43,526,352.52

5.26 Deferred Income

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024	Reason
Government grants	952,785.69		952,785.69		Related to Assets

5.27 Share Capital

Items	31 December 2023	Changes during the reporting period (+,-)				31 December 2024
		New issues	Bonus issues	Capitalisation of reserves	Others	
Number of total shares	415,219,970.00				-9,455,963.00	405,764,007.00

Notes:

(i) According to the resolution approved by the Company's Board of Directors and the General Meeting of Shareholders on the *Proposal for the Repurchase and Cancellation of Certain Restricted Shares under the 2018 A-Share Restricted Stock Incentive Plan (Phase II)*, the company repurchased and canceled 100,200 A-share restricted stocks that had been granted but were still subject to restrictions, held by three former incentive recipients who resigned and one deceased recipient.

(ii) Additionally, as per the *Proposal for the Repurchase of Certain Domestically Listed Foreign Shares (B Shares)* approved by the Board of Directors and the General Meeting of Shareholders, the company agreed to use its own funds to repurchase certain domestically listed foreign shares (B shares) through a centralized bidding process to reduce its registered capital. On 10 May 2024, upon verification and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the company canceled 9,355,763 repurchased B shares.

5.28 Capital Reserves

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Share premium	968,257,185.91		55,514,964.42	912,742,221.49
Other capital reserves	21,901,847.26	1,695,434.85		23,597,282.11
Total	990,159,033.17	1,695,434.85	55,514,964.42	936,339,503.60

Notes:

(i) According to the *Proposal for the Repurchase of Certain Domestically Listed Foreign Shares (B Shares)* approved by the company's Board of Directors and the General Meeting of Shareholders, the company agreed to use its own funds to repurchase certain domestically listed foreign shares (B shares) through a centralized bidding process for the purpose of reducing registered capital. On May 10, 2024, upon verification and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the company canceled 9,355,763 repurchased B shares, resulting in a corresponding reduction of capital reserves by RMB 54,984,906.42.

(ii) According to the *Proposal on Granting Restricted Shares to Incentive Recipients under the 2018 A-Share Restricted Stock Incentive Plan (Phase II)* approved by the company's Board of Directors and the General Meeting of Shareholders, in the 2024 fiscal year, the company recognized related costs or expenses for the services provided by the above incentive recipients, resulting in an increase in "Other Capital Reserves" by RMB 1, 695,434.85.

(iii) As per stated in Note 5.27(a), the Company repurchased restricted stock, reducing the "Share Premium" by RMB 530,058.00.

5.29 Treasury Stock

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Share Repurchase for Capital Reduction	64,340,669.42		64,340,669.42	
Restricted Stock Payment	14,304,862.81		1,489,306.00	12,815,556.81
Total	78,645,532.23		65,829,975.42	12,815,556.81

Note:

(i) In the year of 2023, the Company repurchased a total of 9,355,763 B shares through a centralized bidding process on the Shenzhen Stock Exchange, with a total repurchase payment of HKD 70,401,771.17 (excluding transaction fees), equivalent to RMB 64,340,669.42. On 10 May 2024, upon verification and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company canceled the repurchased 9,355,763 B shares, thereby reducing the "Share Repurchase for Capital Reduction" by RMB 64,340,669.42.

(ii) As per stated Note 5.27, the Company repurchased restricted stock, reducing "Treasury Stock" by RMB 630,258.00. For the year 2024, the reduction in treasury stock related to cash dividends for restricted stock amounted to RMB 859,048.00.(iii) For the year 2024, the reduction in treasury stock related to cash dividends for restricted stock amounted to RMB 859,048.00.

5.30 Other Comprehensive Income

Items	31 December 2023	Changes during the reporting period						31 December 2024
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Items previously recognized in other comprehensive income being reclassified to retained earnings	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
(a)Items will not be reclassified to profit or loss								
(b)Items will be reclassified to profit or loss	19,325,335.93	-3,638,541.31				-3,638,541.31		15,686,794.62
Including: Exchange differences on translating foreign operations	19,325,335.93	-3,638,541.31				-3,638,541.31		15,686,794.62
Total	19,325,335.93	-3,638,541.31				-3,638,541.31		15,686,794.62

5.31 Specific Reserves

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Safety production costs	3,223,158.06	1,521,112.80	404,108.10	4,340,162.76

5.32 Surplus Reserves

Items	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024
Statutory surplus reserves	213,025,507.50			213,025,507.50
Others	61,984,894.00			61,984,894.00
Total	275,010,401.50			275,010,401.50

As of 31 December 2024, the Company's cumulative surplus reserve has reached 50% of its registered capital, and therefore, no further extraction will be made during current period.

5.33 Retained Earnings

Items	2024	2023
Balance as at the end of last period before adjustments	1,709,513,385.76	1,479,706,638.53
Adjustments for the opening balance (increase /(decrease))		
Balance as at the beginning of the reporting period after adjustments	1,709,513,385.76	1,479,706,638.53
Add: net profit attributable to owners of the parent company for the reporting period	220,350,184.99	333,178,102.37
Less: Declaration of ordinary share dividends	162,345,682.81	103,371,355.14
Balance as at the end of the reporting period	1,767,517,887.94	1,709,513,385.76

5.34 Revenue and costs of sales

Items	2024		2023	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	3,928,845,057.63	2,475,847,402.83	4,553,706,250.49	2,904,751,241.51
Other activities	11,685,876.44	350,531.60	15,983,752.50	712,233.30
Total	3,940,530,934.07	2,476,197,934.43	4,569,690,002.99	2,905,463,474.81

Principal activities by category

Items	2024	2023

	Revenue	Costs of sales	Revenue	Costs of sales
Watch Brand Business	721,623,074.27	236,520,324.15	797,083,010.50	263,771,395.75
Watch Retail Services	2,934,683,059.47	2,080,768,868.69	3,470,288,123.32	2,481,853,312.97
Precision Technology Business	134,469,811.50	115,312,826.08	135,950,405.45	114,733,104.70
Leasing Business	138,069,112.39	43,245,383.91	150,361,811.22	44,370,528.09
Others	11,685,876.44	350,531.60	16,006,652.50	735,133.30
Total	3,940,530,934.07	2,476,197,934.43	4,569,690,002.99	2,905,463,474.81

5.35 Taxes and Surcharges

Items	2024	2023
Urban maintenance and construction tax	10,496,860.12	12,205,585.22
Educational surcharge	7,450,711.80	8,641,027.84
Property tax	7,672,948.68	7,512,564.92
Stamp duty	2,638,753.37	3,040,109.98
Others	3,217,860.83	4,794,558.14
Total	31,477,134.80	36,193,846.10

5.36 Selling and Distribution Expenses

Items	2024	2023
Employee Compensation	350,108,585.64	364,493,305.57
Department store expense and rental	141,659,138.17	159,738,493.87
Advertising, Exhibition, and Marketing Expenses	143,251,551.40	146,787,677.11
Depreciation and amortization	187,804,323.98	187,456,893.25
Packaging expenses	8,732,106.49	10,367,129.63
Utilities and property management expenses	22,259,318.73	22,673,870.27
Transportation Expenses	5,326,216.64	5,921,929.02
Office Expenses	5,299,644.22	6,285,406.47
Travel Expenses	6,511,503.28	8,415,884.60
Business Entertainment Expenses	3,354,425.04	4,581,476.42
Others	8,470,993.04	7,287,113.11
Total	882,777,806.63	924,009,179.32

5.37 General and Administrative Expenses

Items	2024	2023
Employee Compensation	141,263,743.91	159,074,391.51
Depreciation and amortization	21,858,646.45	23,462,090.05
Travel Expenses	3,444,726.00	4,773,457.90
Office Expenses	3,237,040.25	3,174,249.82
Intermediary Agents fees	2,072,802.52	1,917,258.68
Utilities, Property Management, and Rental Fees	1,050,016.25	1,359,636.27
Business Entertainment Expenses	854,422.68	1,368,967.18
Vehicle and Transportation Expenses	1,184,673.02	1,884,805.22
Telecommunication expenses	329,077.20	368,370.99
Others	7,982,781.89	7,976,049.62
Total	183,277,930.17	205,359,277.24

5.38 Research and Development Expenses

Items	2024	2023
Employee Compensation	38,055,759.66	43,658,293.35
Sample and Material Costs	1,635,339.74	2,137,565.99
Depreciation and Amortization	4,783,178.84	4,300,190.56
Technical Cooperation Fees	3,704,971.76	2,737,439.29
Others	7,820,750.18	4,968,754.89
Total	56,000,000.18	57,802,244.08

5.39 Finance Costs

Items	2024	2023
Interest expenses	10,697,706.12	12,824,222.06
Less: Interest income	4,925,264.78	5,722,586.39
Net interest expenses	5,772,441.34	7,101,635.67
Net foreign exchange losses	1,151,055.95	1,879,443.15
Bank charges and others	11,001,374.05	12,488,693.95
Total	17,924,871.34	21,469,772.77

5.40 Other Income

Items	2024	2023
1. Government grant recognised in other imcome	5,480,540.76	9,105,016.49

Items	2024	2023
Including: Government grant related to deferred income	952,785.69	343,141.11
Government grant directly recognised in current profit or loss	4,527,755.07	9,105,016.49
2. Others related to daily operation activities and recognised in other income	2,012,101.57	2,330,357.29
Including: Charges of withholding individual income tax	477,697.33	494,598.35
Additional Deduction for Input VAT	1,534,404.24	1,835,758.94
Total	7,492,642.33	11,435,373.78

5.41 Investment Income/(Losses)

Items	2024	2023
Investment income from long-term equity investments under equity method	-955,570.46	-5,819,479.60
Interest income from term deposit	524,315.57	
Total	-431,254.89	-5,819,479.60

5.42 Credit Impairment Losses

Items	2024	2023
Bad debt of notes receivable	-659,008.68	716,798.30
Bad debt of accounts receivable	916,474.82	6,194,108.85
Bad debt of other receivables	9,019.82	-83,331.33
Total	266,485.96	6,827,575.82

5.43 Asset Impairment Losses

Items	2024	2023
Impairment of inventories	-19,289,865.31	571,980.37

5.44 Gains/ (losses) from Disposal of Assets

Items	2024	2023
Gains/(losses) from disposal of fixed assets	2,795,633.25	527,753.57
Gains/(losses) from disposal of Right-of-use assets	-427,816.65	158,115.00
Total	2,367,816.60	685,868.57

5.45 Non-operating Income

Items	2024	2023	Recognised in current non-recurring profit or loss
No payables required	1,217,512.88	1,346,926.73	1,217,512.88
Compensation income	1,916,585.22	3,153,875.60	1,916,585.22
Others	489,407.21	269,704.47	489,407.21
Total	3,623,505.31	4,770,506.80	3,623,505.31

5.46 Non-operating Expenses

Items	2024	2023	Recognised in current non-recurring profit or loss
Donations	243,626.35	311,464.98	243,626.35
Fine and penalty for late payment	143,706.74	6,014.28	143,706.74
Payment for breach of agreement	279,932.96	37,725.30	279,932.96
Others	121,651.88	504,565.54	121,651.88
Total	788,917.93	859,770.10	788,917.93

5.47 Income Tax Expenses

(a) Details of income tax expenses

Items	2024	2023
Current tax expenses	67,911,869.72	88,559,245.72
Deferred tax expenses	-2,146,386.12	15,266,916.22
Total	65,765,483.60	103,826,161.94

(b) Reconciliation of accounting profit and income tax expenses

Items	2024	2023
Profit before tax	286,115,668.59	437,004,264.31
Income tax expense at the statutory /applicable tax rate	71,528,917.15	109,251,066.08
Effect of different tax rate of subsidiaries	-2,574,951.45	-10,206,789.27
Adjustments of impact from prior period income tax	440,345.72	6,187,582.94
Effect of income that is exempt from taxation	238,892.62	1,454,869.90
Effect of non-deductible costs, expenses or losses	1,160,439.96	781,125.37
Effect of previously unrecognised deductible losses recognised as deferred tax assets	-172,422.26	-337,571.86
Effect of deductible temporary differences and deductible losses not recognised as deferred tax assets		
R&D expenses plus deduction	-4,855,738.14	-4,769,518.22

Items	2024	2023
Others		1,465,397.00
Income tax expenses	65,765,483.60	103,826,161.94

5.48 Other Comprehensive Income

For details of the other comprehensive income and related tax effect, transfer to profit or loss and adjustment of other comprehensive income, please refer to Note 5.30Other Comprehensive Income.

5.49 Notes to the Statement of Cash Flow

(a) Cash relating to operating activities

(i)Other cash received relating to operating activities

Items	2024	2023
Security deposit	9,790,425.68	7,550,296.24
Government grants	4,922,856.45	8,796,670.12
Promotion expenses	12,351,768.55	12,561,700.18
Interest income	4,925,264.78	5,722,586.39
Return of petty cash	3,851,281.76	7,787,782.02
Others	13,783,494.72	25,760,176.26
Total	49,625,091.94	68,179,211.21

(ii) Other cash payments relating to operating activities

Items	2024	2023
Security deposit	8,953,141.58	11,191,285.76
Period expenses and others	321,439,889.86	376,446,802.93
Total	330,393,031.44	387,638,088.69

(b) Cash relating to investing activities

(i)Other cash received relating to investing activities

Items	2024	2023
Withdrawal of time deposits	201,839,677.57	

(ii) Other cash payments relating to investing activities

Items	2024	2023

Items	2024	2023
Purchase of time deposits	231,179,882.49	

(c) Cash relating to financing activities

(i)Other cash payments relating to financing activities

Items	2024	2023
Payment for principal and interest of lease liabilities	115,962,403.46	114,908,744.94
Payment for share buyback	794,690.45	83,148,230.83
Total	116,757,093.91	198,056,975.77

(ii) Changes in liabilities arising from financing activities

Items	31 December 2023	Increase in the current period		Decrease in the current period		31 December 2024
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	250,187,763.87	323,957,187.86	8,607,074.56	456,926,871.78	1,737,400.00	124,087,754.51
Dividend payables	2,058,352.24		162,345,682.81	161,618,741.91		2,785,293.14
Non-current liabilities maturing within one year	66,399,004.20		113,101,630.32	115,962,403.46		63,538,231.06
Lease liabilities	43,526,352.52		104,640,569.84		113,101,630.32	35,065,292.04
Total	362,171,472.83	323,957,187.86	388,694,957.53	734,508,017.15	114,839,030.32	225,476,570.75

5.50 Supplementary Information to the Statement of Cash Flows

(a) Supplementary information to the statement of cash flows

Supplementary information	2024	2023
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	220,350,184.99	333,178,102.37
Add: Provisions for impairment of assets	19,289,865.31	-571,980.37
Impairment Loss of Credit	-266,485.96	-6,827,575.82
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	42,123,553.82	41,658,377.46
Depreciation of right-of-use assets	107,301,685.07	103,958,386.94
Amortisation of intangible assets	3,623,865.56	3,689,183.21
Amortisation of long-term deferred expenses	72,228,172.82	91,039,489.52
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets	-2,367,816.60	-685,868.57

Supplementary information	2024	2023
Losses /(gains) on scrapping of fixed assets		
Losses /(gains) on changes in fair value		
Finance costs /(income)	10,697,706.12	10,346,099.61
Investment losses /(income)	431,254.89	5,819,479.60
Decreases /(increases) in deferred tax assets	-1,928,006.85	15,556,840.48
Increases /(decreases) in deferred tax liabilities	-218,379.27	-289,924.26
Decreases /(increases) in inventories	114,705,609.37	82,605,123.05
Decreases /(increases) in operating receivables	55,993,621.50	34,507,754.85
Increases /(decreases) in operating payables	-106,350,875.18	-77,781,831.49
Others	1,117,004.70	-3,800,168.60
Net cash flows from operating activities	536,730,960.29	632,401,487.98
(ii)Significant activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Assets under leases(other than leases under simplified method)		
(iii)Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	518,954,177.49	504,629,153.71
Less: Cash at the beginning of the reporting period	504,629,153.71	313,738,389.64
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	14,325,023.78	190,890,764.07

(b) The components of cash and cash equivalents

Items	31 December 2024	31 December 2023
(i) Cash	518,954,177.49	504,629,153.71
Including: Cash on hand	76,344.01	178,996.87
Cash in bank available for immediate use	516,822,193.38	503,187,176.88
Other monetary funds available for immediate use	2,055,640.10	1,262,979.96
(ii) Cash equivalents		
Including: Bond investments maturing within three months		
(iii) Cash and cash equivalents at the end of the reporting period	518,954,177.49	504,629,153.71
Including Restricted cash and cash equivalents for the Company and its subsidiaries	6,150,258.49	1,202,601.86

(c) Presented as cash and cash equivalents despite restrictions in scope of application

Items	2024	Reason
Cash in bank	6,150,258.49	The Company's subsidiary, FIYTA Hong Kong, and its subsidiary, Montres Chouriet SA, hold funds in accounts located overseas. These funds are subject to restrictions on repatriation, but this does not affect their daily use.

5.51 Foreign Currency Monetary Items

(a) Foreign currency monetary items at 31 December 2024:

Items	Carrying amount at foreign currency	Exchange rate	Carrying amount at RMB
Monetary funds			1,836,199.12
Including: USD	143,692.62	7.1884	1,032,920.03
EUR	76.45	7.5257	575.34
HKD	864,222.52	0.9260	800,270.05
CHF	304.30	7.9977	2,433.70
Accounts receivable			7,194,794.22
Including: USD	476,343.23	7.1884	3,437,188.55
HKD	3,828,760.82	0.9260	3,545,585.67
CHF	26,433.04	7.9977	212,020.00
Other receivables			238,586.48
Including: HKD	119,458.42	0.9260	110,623.28
CHF	16,000.00	7.9977	127,963.20
Accounts payable			513,267.92
Including: HKD	529,282.90	0.9260	490,137.14
CHF	2,892.18	7.9977	23,130.78
Other payables			873,332.12
Including: HKD	693,207.47	0.9260	641,937.85
CHF	28,932.60	7.9977	231,394.27

(b) Overseas business entity

Please refer the Note 3.4, for the details of the main operating locations and functional currencies of significant overseas operating entities .

5.52 Leases

(a) The Company as a lessee

Items	2024
Expenses for short-term lease under simplified method	1,107,921.80
Expenses for lease of low value asset (except for short-term lease) under simplified method	
Interest expense of lease liabilities	4,389,799.99
Variable lease payments not included in lease liabilities recognised in current profit or loss	77,146,168.89
Income from subleasing the right-of-use assets	
Cash outflows related to leases	194,216,494.15
Profit or loss in sale and leaseback transaction	

(b) The Company as a lessor

(i) Operating lease

A. Lease income

Items	2024
Lease income	138,069,112.39
Including: income related to variable lease payments not included in lease receivables	

6. RESEARCH AND DEVELOPMENT EXPENDITURES

Items	2024	2023
Employee Compensation	38,055,759.66	43,658,293.35
Sample and Material Costs	1,635,339.74	2,137,565.99
Depreciation and Amortization	4,783,178.84	4,300,190.56
Technical Cooperation Fees	3,704,971.76	2,737,439.29
Others	7,820,750.18	4,968,754.89
Total	56,000,000.18	57,802,244.08
Including：Expensed R&D expenditures	56,000,000.18	57,802,244.08
Capitalized R&D expenditures		

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Composition of corporate group

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
Shenzhen HARMONY World Watch Center Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00		Incorporated or investment
FIYTA Sales Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00		Incorporated or investment
Shenzhen FIYTA Precision Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	99.44	0.56	Incorporated or investment
Shenzhen FIYTA Technology Development Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	100.00		Incorporated or investment
HARMONY World Watch Center(Hainan) Co., Ltd.	Sanya	Sanya	Commerce	100.00		Incorporated or investment
Shenzhen Xunhang Precision Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	100.00		Incorporated or investment
Emile Choureit Timing (Shenzhen) Ltd.	Shenzhen	Shenzhen	Commerce	100.00		Incorporated or investment
Liaoning Hengdarui Commercial & Trade Co., Ltd.	Shenyang	Shenyang	Commerce	100.00		Business combination under common control
Temporal (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00		Incorporated or investment
Shenzhen Harmony E-commerce Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00		Incorporated or investment
FIYTA (Hong Kong) Limited	Hong Kong	Hong Kong	Commerce	100.00		Incorporated or investment
Montres Chouriet SA	Switzerland	Switzerland	Manufacturing		100.00	Business combination not under common control

7.2 Interests in Joint Arrangements or Associates

(a) Significant associates

Company name	Principal place of business	Registered address	Nature of business	Proportion of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Shanghai Watch Co., Ltd.	Shanghai	Shanghai	Commerce	25%		Equity method

(b) Main financial information of the significant associates

Items	31 December 2024/2024	31 December 2023/2023
Current assets	209,477,074.16	165,796,119.65
Non-current assets	15,193,917.74	16,753,785.07
Total assets	224,670,991.90	182,549,904.72
Current liabilities	106,724,940.61	60,781,571.60
Non-current liabilities		
Total liabilities	106,724,940.61	60,781,571.60
Non-controlling interests		
Total owner's equity attributable to parent company	117,946,051.29	121,768,333.12
Share of net assets calculated at the proportion of equity interests	29,486,512.82	30,442,083.28
Adjustment matters	21,420,524.02	21,420,524.02
—Goodwill	21,420,524.02	21,420,524.02
—Unrealized profit from intragroup transaction		
—Others		
Carrying amount of investment in the associate	50,907,036.84	51,862,607.30
Fair value of publicly quoted equity investment in associate		
Revenue	121,182,617.88	110,947,629.04
Net profit/(loss)	-3,822,281.83	-23,277,918.41
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-3,822,281.83	-23,277,918.41
Dividends received from the associate		500,000.00

8. GOVERNMENT GTRANTS

8.1 Liability items that involve government grants

Items presented in the statement of financial position	Balance as at 31 December 2023	Increase in government grants during the reporting period	Amount recognised in non-operating income during the reporting period	Amount recognised in other income during the reporting period	Other changes during the reporting period	Balance as at 31 December 2024	Related to assets or income
Deferred income	952,785.69			952,785.69			Related to assets

8.2 Government grants recognised in current profit or loss

Items presented in income statement	2024	2023
Other income	5,480,540.76	9,105,016.49

9. RISKS RELATED TO FINANCIAL INSTRUMENTS

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments (e.g. credit management department of the Company reviews each credit sale). Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

9.1 Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, notes receivable, accounts receivables, other receivables and long-term receivables. Credit risk of these financial assets is derived from the counterparty’s breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position.

For notes receivable, accounts receivable, accounts receivable financing and other receivables, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors (such as current market status, etc.). The Company monitors its customers’ credit record periodically, and for those customers with poor credit record, the Company will take measures such as written call, shortening or cancelling their credit terms so as to ensure the overall credit risk of the Company is controllable.

(i) Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

(ii) Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iii) The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the accounts receivable of the Company, the amount of top 5 clients represents 22.77% of the total (31 December 2023: 21.42%).

9.2 Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

As at 31 December 2024, the maturity profile of the Company's financial liabilities is as follows:

Unit: RMB 10,000

Items	31 December 2024

	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term loans	12,408.78			
Accounts payable	11,553.29			
Other payables	10,463.85			
Non-current liabilities maturing within one year	6,353.82			
Lease liabilities		2,851.41	655.12	
Total	40,779.74	2,851.41	655.12	

9.3 Market Risk

(a) Foreign currency risk

Except for the operations of the Company’s subsidiaries located in Hong Kong and foreign countries are denominated and settled in HKD, USD, BPD, RMB and SGD, other main operations of the Company are settled in RMB.

Except that the Company’s subsidiary in Hong Kong uses HKD as settlement currency and sub-subsidiary in Swiss used CHF as settlement currency, the principal places of operations of the Company are located in China and the major businesses are settled in RMB. However, the Company’s recognized foreign currency assets and liabilities as well as the foreign currency transactions in the future (the functional currencies of foreign assets and liabilities as well as the transactions are mainly HKD and CHF) remain exposed to exchange rate risk.

(i) Please refer to Note 5.51 Foreign Currency Monetary Items, for the details of the main foreign currency risk exposures of the Company’s foreign currency assets and liabilities as at 31 December 2024.

(ii) Sensitivity analysis

As at 31 December 2024, if RMB appreciates or depreciates 5% against USD, while all other risk variables stay unchanged, net profit in current year of the Company will increase or decrease by RMB 394,100 (31 December 2023: RMB 129,500).

(b) Interest rate risk

Interest rate risk of the Company primarily arises from its long-term interest-bearing debts, such as long-term loans and bonds payables, etc. Financial liabilities with floating interest rate make the Company subject to cash flow interest rate risk, and financial liabilities with fixed interest rate make the Company subject to fair value interest rate risk. The Company determines the relative proportion of the fixed interest contracts and floating interest contracts based on the current market environment.

Finance department of the Company’s headquarter monitors interest rate of the group continuously. Increase of the interest rate will result in the increase of the cost of new interest-bearing debts and the interest expense of the unpaid interest-bearing debts with floating rate, and subsequently lead to significant negative impact on the financial performance of the

Company. The management makes adjustment in accordance with the update market condition in a timely manner.

As at 31 December 2024, the company does not have any long-term interest-bearing debt.

10. FAIR VALUE DISCLOSURES

10.1 Assets and Liabilities Measured at Fair Value at 31 December 2024

As at 31 December 2024, the Company does not have financial instruments measured at fair value.

10.2 Fair Value of Financial Assets or Financial Liabilities which are not Measured at Fair Value

Financial assets and financial liabilities not measured at fair value include: accounts receivable, short-term borrowings, accounts payable, long-term borrowings due within one year, and equity instrument investment that does not have public quotation in an active market and its fair value cannot be measured reliably.

The difference between fair value and carrying amount of the above financial assets and liabilities that not measured at fair value is insignificant.

11. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company and another party are controlled or jointly controlled by the same third party.

11.1 General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
AVIC International Holdings Limited	Shenzhen	Commercial	116,616.20	40.17	40.17

Details of the parent company

AVIC International Holdings Limited is a subsidiary that 100.00% held, indirectly, by AVIC International.

(b) Ultimate controlling party of the Company is AVIC.

11.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 7 *INTERESTS IN OTHER ENTITIES.*

11.3 Associates of the Company

Details of significant associates please refer to Notes 7 *INTERESTS IN OTHER ENTITIES*.

11.4 Other Related Parties of the Company

Name	Relationship with the Company
China Merchants Property Operation & Service Co., Ltd. and its subsidiaries (hereinafter referred to as "CMPO and its subsidiaries")	The associate of the ultimate controlling party
Aviation Industry Corporation of China and its subsidiaries (hereinafter referred to as "AVIC and its subsidiaries")	Under the same control
The directors, managers, Chief Financial Officer (CFO), and Secretary to the Board of Directors (hereinafter referred to as "key management personnel").	Key management personnel

11.5 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	2024	2023
AVIC and its subsidiaries	Mall Expenses and Goods Procurement	16,376,625.49	13,548,194.83
CMPO and its subsidiaries	Mall Expenses and Property Management Fees	11,542,080.81	11,593,446.00

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2024	2023
AVIC and its subsidiaries	Sales of goods and rendering of services	46,244,991.78	60,505,031.39
CMPO and its subsidiaries	SSales of goods and Property Management Fees	2,917,960.60	3,363,663.82

(b) Leases

The Company as lessor:

The lessee	Type of assets	2024	2023
CMPO and its subsidiaries	Buildings	1,666,400.02	1,811,657.16
AVIC and its subsidiaries	Buildings	1,637,357.56	2,018,678.62

The Company as lessee:

The lessor	Type of assets	2024			
		Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
CMPO and	Building	2,692.68	485,331.20	11,649.16	-100,148.57

The lessor	Type of assets	2024			
		Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
its subsidiaries	s				
AVIC and its subsidiaries	Buildings		162,868.56	1,894.34	-157,702.74

(Continued)

The lessor	Type of assets	2023			
		Variable lease payments not included in lease liabilities	Lease payment for current period	Interest expense of lease liabilities	Increase in right-of-use assets
CMPO and its subsidiaries	Buildings	59,899.04	501,788.87	6,776.94	489,781.90
AVIC and its subsidiaries	Buildings		323,382.81	9,642.03	

(c) Key management personnel compensation

Items	2024	2023
Key management personnel compensation	14,048,100.00	14,232,500.00

(d) Other related party transactions

The deposit balance of our company held at AVIC Finance Company as at 31 December 2024 amounted to RMB 498,616,224.42, of which the deposit interest received during the year totaled RMB 755,020.47.

11.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 December 2024		31 December 2023	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	AVIC and its subsidiaries	508,273.49		1,084,525.41	44,609.30
Accounts receivable	AVIC and its subsidiaries	2,894,425.51	281,416.75	6,528,150.44	280,698.32
Accounts receivable	CMPO and its subsidiaries			183,123.05	9,156.15
Other receivables	AVIC and its subsidiaries	924,947.00	47,070.35	841,403.00	43,495.15

Items	Related parties	31 December 2024		31 December 2023	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	CMPO and its subsidiaries	56,000.00	2,800.00	143,990.00	7,199.50

(b) Payables

Items	Related parties	31 December 2024	31 December 2023
Other payables	AVIC and its subsidiaries	358,280.00	2,186,756.74
Other payables	CMPO and its subsidiaries	1,066,456.79	1,023,487.21
Accounts payable	AVIC and its subsidiaries		391.96
Accounts payable	CMPO and its subsidiaries		32,992.35
Receipts in advance	AVIC and its subsidiaries	7,500.00	132,975.48

12. SHARE-BASED PAYMENTS

12.1 Equity-settled Share-based Payment

Method of determining fair value of equity instrument on grant date	Close price of share on grant date
Evidence to determine the number of exercisable equity instrument	Term of employee service, status of target completion, and personal performance assessment
Reasons for significant difference between current period estimation and prior period estimation	Nil
Accumulated amount charged to capital reserve for equity settled share-based payment	29,604,718.40

12.2 Expenses incurred from share-based payment in the reporting period

Category of participant	Expenses on equity settled share-based payment	Expenses on cash settled share-based payment
Some of the Company's directors, supervisors, senior executives, and key personnel	1,695,434.85	

13. COMMITMENTS AND CONTINGENCIES

13.1 Significant Commitments

As of the balance sheet date, the significant external commitments of the Company include lease contracts that have been signed and are in progress or are about to be executed, along with their financial impacts. For detailed information, please refer to Note 5.25 *Lease Liabilities* and Note 5.52 *Leases*.

Except for the commitments mentioned above, as of 31 December 2024, the Company has no other significant commitments that need to be disclosed.

13.2 Contingencies

As at 31 December 2024, the Company has no significant contingencies need to be disclosed.

14. EVENTS AFTER THE REPORTING PERIOD

14.1 Profit Distribution

The proposed profit or dividend distribution refers to the profit or dividend that has been reviewed, approved, and announced for payment.	In accordance with the resolutions at the 5th Meeting of the 11th Board of Directors held on 12 March 2025, the Company will distribute cash dividends of RMB 4 (tax included) per 10 share to all shareholders from the undistributed profits, based on the total number of shares eligible for profit distribution for the year end 31 December 2024. No stock dividends will be distributed, nor will there be any conversion of capital reserves into share capital.

Note: The profit distribution plan above shall be implemented after being reviewed and approved by the general meeting of shareholders.

14.2 Others

(a) On 12 March 2025, upon the approval of the resolutions passed at the 5th Meeting of the 11th Board of Directors, the Company proposed to apply for the financing facilities not more than RMB 1.2 billion in 2025 from the banking institutions through various methods of credit, guarantee, and mortgage, ect. The proposal for the total financing facilities from banks is still pending approval by the Company's general meeting of shareholders.

(b) On 12 March 2025, upon the approval of the resolutions passed at the 5th Meeting of the 11th Board of Directors, the Company proposed to apply for a guaranteed loan on behalf of its wholly-owned subsidiary from banks in 2025, with an actual utilization limit not more than RMB 300 million. This credit line is included within the Company's actual utilization limit of RMB 1.2 billion for bank loans applied in 2025. The proposal for the aforementioned guarantee limit is still pending approval by the Company's general meeting of shareholders.

As at 12 March 2025, the Company have not other events after the reporting period need to be disclosed.

15. OTHER SIGNIFICANT MATTERS

15.1 Segment Information

The Company identifies operating segments according to its internal organization structure, management requirements and internal reporting systems. Then the reportable segments are to be determined based on the Company’s operating segments:

(a) its business activities are engaged to generate revenue and incur expenses;

(b) its operating results are regularly reviewed by the Company’s management to make decisions on resources allocation and performance assessment;

(c) its financial conditions, operating results, cash flow and related accounting information are available to the Company.

The Company determines the reporting segment based on the operating segment, and the operating segment that meets any of the following conditions is determined as the reporting segment:

(a) The segment income of the operating segment accounts for 10.00% or more of total income of all segments;

(b) The absolute amount of profits (losses) of the segment account for 10.00% or more of the higher of the absolute amount of total profits of the profiting segment and the absolute amount of total losses of the unprofitable segment.

The Company's business is simple. The business mainly involves manufacturing and sales of watch. The management considers the business as a whole in implementing management and assessing its performance. As a result, no segment information is disclosed in this financial statement.

15.2 Others

As at 31 December 2024, the Company does not have other significant matters that require to disclose.

16. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

16.1 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 December 2024	31 December 2023
Within one year	6,238,972.29	1,875,782.07
1-2 years	238,812.42	23,346.03
2-3 years	319.04	
Subtotal	6,478,103.75	1,899,128.10
Less: provision for bad debt	1,846,113.37	76,211.49
Total	4,631,990.38	1,822,916.61

(b) Accounts receivable by bad debt provision method

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised	1,631,798.6	25.19	1,631,798.66	100.00	

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
individually	6				
Provision for bad debt recognised by groups	4,846,305.09	74.81	214,314.71	4.42	4,631,990.38
Including: Group 1	4,041,736.34	62.39	214,314.71	5.30	3,827,421.63
Receivable from Related party in scope of consolidation	804,568.75	12.42			804,568.75
Total	6,478,103.75	100.00	1,846,113.37	28.50	4,631,990.38

(Continued)

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	1,899,128.10	100.00	76,211.49	4.01	1,822,916.61
Including: Group 1	1,898,159.02	99.95	76,211.49	4.02	1,821,947.53
Receivable from Related party in scope of consolidation	969.08	0.05			969.08
Total	1,899,128.10	100.00	76,211.49	4.01	1,822,916.61

Detailed explanation of provision for bad debt:

(i)As at 31 December 2024, accounts receivable with bad debt provision recognised individually

Name	31 December 2024			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for provision
Other customers	1,631,798.66	1,631,798.66	100.00	Expected to be irrecoverable

(ii) As at 31 December 2024, accounts receivable with bad debt provision recognised by group 1

Aging	31 December 2024			31 December 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within	3,802,604.87	190,114.42	5.00	1,874,812.99	73,876.89	3.94

Aging	31 December 2024			31 December 2023		
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Accounts receivable	Provision for bad debt	Provision ratio (%)
one year						
1-2 years	238,812.42	23,881.24	10.00	23,346.03	2,334.60	10.00
2-3 years	319.05	319.05	100.00			
Total	4,041,736.34	214,314.71	5.30	1,898,159.02	76,211.49	4.02

(c) Changes of provision for bad debt during the reporting period

Category	31 December 2023	Changes during the reporting period				31 December 2024
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debt recognised individually		1,631,798.66				1,631,798.66
Provision for bad debt recognised by groups	76,211.49	138,103.22				214,314.71
Including:Group1	76,211.49	138,103.22				214,314.71
Total	76,211.49	1,769,901.88				1,846,113.37

(d) No accounts receivable written off during the reporting period

(e) Top five closing balances by entity

Entity name	Balance of accounts receivable as at 31 December 2024	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt of accounts receivable
Total of the top five accounts receivable balances at the end of the period	4,594,642.18	70.93	1,294,445.58

16.2 Other Receivables

(a) Other receivables by aging

Aging	31 December 2024	31 December 2023
Within one year	659,558,728.69	696,320,073.42
1-2 years	14,177.51	9,531.90
2-3 years	9,531.90	
Over 3 years	40,050.00	40,050.00
Subtotal	659,622,488.10	696,369,655.32
Less: provision for bad debt	56,619.62	41,235.47
Total	659,565,868.48	696,328,419.85

(b) Other receivables by nature

Nature	31 December 2024	31 December 2023

Nature	31 December 2024	31 December 2023
Related party in scope of consolidation	658,724,812.91	696,041,965.52
Deposit and guarantee receivable	119,550.00	49,581.90
Others	778,125.19	278,107.90
Subtotal	659,622,488.10	696,369,655.32
Less: provision for bad debt	56,619.62	41,235.47
Total	659,565,868.48	696,328,419.85

(c) Other receivables by bad debt provision method

A. As at 31 December 2024, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	659,622,488.10	56,619.62	659,565,868.48

As at 31 December 2024, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	659,622,488.10	0.01	56,619.62	659,565,868.48
Including: Deposit and guarantee receivable	119,550.00	36.83	44,025.00	75,525.00
Related party in scope of consolidation	658,724,812.91			658,724,812.91
Others	778,125.19	1.62	12,594.62	765,530.57
Total	659,622,488.10		56,619.62	659,565,868.48

B. As at 31 December 2023, provision for bad debt recognised based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	696,369,655.32	41,235.47	696,328,419.85

As at 31 December 2023, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Provision for bad debt recognised individually				
Provision for bad debt recognised by groups	696,369,655.32	0.01	41,235.47	696,328,419.85
Including: Deposit and guarantee receivable	49,581.90	81.74	40,526.60	9,055.30
Related party in scope of consolidation	696,041,965.52			696,041,965.52
Others	278,107.90	0.25	708.87	277,399.03

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount
Total	696,369,655.32		41,235.47	696,328,419.85

Basis of provision for bad debt during the reporting period:

For details of recognition criteria and explanation for provision of bad debt by groups, please refer to Notes 3.11

(d) Changes of provision for bad debt during the reporting period

Category	31 December 2023	Changes during the reporting period				31 December 2024
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debt recognised by groups	41,235.47	15,384.15				56,619.62

(e) No other receivables written off during the reporting period

(f) Top five closing balances by entity

Entity name	Balance as at 31 December 2024	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Total of the top five other receivables at the end of the period.	655,724,812.91	99.42	

16.3 Long-term Equity Investments

Items	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	1,592,543,885.91		1,592,543,885.91	1,581,179,108.81		1,581,179,108.81
Associates	50,907,036.84		50,907,036.84	51,862,607.30		51,862,607.30
Total	1,643,450,922.75		1,643,450,922.75	1,633,041,716.11		1,633,041,716.11

(a) Investments in subsidiaries

Investees	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024	Provision for impairment during the reporting period	Provision for impairment at 31 December 2024
ShenzhenHARMONYWorldWatchCenterCo.,Ltd.	609,295,490.83	596,482.79		609,891,973.62		
ShenzhenHarmonyE-commerceCo.,Ltd.	11,684,484.39			11,684,484.39		
ShenzhenFIYTAPrecisionTechnologyCo.,Ltd.	182,044,461.20	246,373.11		182,290,834.31		
ShenzhenFIYTATechnologyDevelopmentCo.,Ltd.	51,062,891.67	97,250.00		51,160,141.67		
FIYTA(HongKong)Ltd.	137,737,520.00			137,737,520.00		

Investees	31 December 2023	Increase during the reporting period	Decrease during the reporting period	31 December 2024	Provision for impairment during the reporting period	Provision for impairment at 31 December 2024
Temporal(Shenzhen)Co.,Ltd.	5,000,000.00			5,000,000.00		
FIYTASalesCo.,Ltd.	456,992,456.17	304,726.96		457,297,183.13		
LiaoningHengdaruiCommercial&TradeCo.,Ltd.	36,867,843.96			36,867,843.96		
EmileChoureitTiming(Shenzhen)Ltd.	80,493,960.59	119,944.24		80,613,904.83		
HARMONYWorldWatchCenter(Hainan)Co., Ltd.	10,000,000.00			10,000,000.00		
ShenzhenXunhangPrecisionTechnologyCo., Ltd.		10,000,000.00		10,000,000.00		
Total	1,581,179,108.81	11,364,777.10		1,592,543,885.91		

(b) Investments in associates

Investees	31 December 2023	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shanghai Watch Co., Ltd.	51,862,607.30			-955,570.46		

(Continued)

Investees	Changes during the reporting period			31 December 2024	Provision for impairment at 31 December 2024
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Investees				50,907,036.84	

16.4 Revenue and Cost of Sales

Items	2024		2023	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	180,681,781.85	56,887,861.74	177,350,230.18	49,729,440.87
Other activities	3,858,500.75		3,524,696.56	
Total	184,540,282.60	56,887,861.74	180,874,926.74	49,729,440.87

16.5 Investment Income

Items	2024	2023
Investment income from long-term equity investments under equity method	288,278,232.76	198,000,000.00
Investment income from long-term equity investments under cost method	-955,570.46	-5,819,479.60

Items	2024	2023
Total	287,322,662.30	192,180,520.40

17. SUPPLEMENTARY INFORMATION

17.1 Details of current non-recurring profit or loss

Items	2024
Gains /(losses) on disposal of non-current assets (including the written-off portion of provisions for asset impairment)	2,367,816.60
Government grants (except for government grants which are closely related to the ordinary course of business of the Company, in compliance with national policies and regulations, granted in accordance with the determined standards; and influence the profit and loss on an ongoing basis) charged to gains or losses for the period	5,480,540.76
Non-financial business' s gains or losses from fair value change arising from financial assets and financial liabilities held and gains or losses from disposal of financial assets and financial liabilities, other than effective value protection hedges relating to the Company' s ordinary course of business	524,315.57
Reversal of provision for impairment of individually tested receivables	3,753,262.84
Other non-operating income/expenses except for items mentioned above	2,834,587.38
Other profit /(loss) items that meet the definition of non-recurring profit or loss	
Total non-recurring profit /(loss)	14,960,523.15
Less: Income tax effect	3,338,626.84
Net non-recurring profit /(loss)	11,621,896.31
Less: net non-recurring profit /(loss) attributable to non-controlling interest	
Net non-recurring profit /(loss) attributable to ordinary shareholders	11,621,896.31

17.2 Return on Net Assets and Earnings Per Share ('EPS')

(a) 2024

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	6.55	0.5385	0.5378
Net profit attributable to ordinary shareholders after non-recurring profit or losses	6.21	0.5100	0.5093

(b) 2023

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	10.28	0.8082	0.8075
Net profit attributable to ordinary shareholders after non-recurring profit or losses	9.77	0.7685	0.7678

FIYTA Precision Technology Co., Ltd.
Board of Directors
14 March 2025