

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HANGZHOU TONGSHIFU CULTURAL AND CREATIVE (GROUP) CO., LTD. AND CMB INTERNATIONAL CAPITAL LIMITED

**Introduction**

We report on the historical financial information of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (formerly known as Hangzhou Xijiang Culture and Creative Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 51, which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024, and September 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, and September 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 4 to 51 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 23, 2026 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2022, 2023 and 2024, and September 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information.

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

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

*Dividends*

We refer to Note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company since its incorporation.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu" followed by a long horizontal flourish.

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
Hong Kong  
March 23, 2026

## **HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

### **Preparation of Historical Financial Information**

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information in this report is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

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

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

	<i>Notes</i>	Year ended December 31			Nine months ended September 30	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						<i>(unaudited)</i>
Revenue . . . . .	4	503,185	506,383	571,188	402,355	447,672
Cost of sales . . . . .		(340,957)	(342,174)	(369,103)	(258,958)	(294,065)
Gross profit . . . . .		162,228	164,209	202,085	143,397	153,607
Other income . . . . .	5	13,747	15,620	14,370	10,034	7,974
Other gains and losses . . .	6	42	105	260	(140)	1,093
Impairment losses under expected credit loss model, net of reversal . .		(756)	715	(190)	(80)	39
Selling and marketing expenses . . . . .		(62,667)	(72,448)	(71,590)	(53,502)	(59,623)
Administrative expenses . .		(27,972)	(30,426)	(26,923)	(18,675)	(20,108)
Other operating expenses .		(2,479)	(2,291)	(1,637)	(1,232)	(1,205)
Listing expenses . . . . .		–	–	–	–	(12,821)
Research and development expenses . . . . .		(18,802)	(28,638)	(28,212)	(20,714)	(24,703)
Finance costs . . . . .	7	(896)	(5)	(97)	(69)	(83)
<b>Profit before tax . . . . .</b>	8	62,445	46,841	88,066	59,019	44,170
Income tax expenses . . . .	9	(5,507)	(2,710)	(9,084)	(5,751)	(2,617)
<b>Profit and total comprehensive income for the year/period . . .</b>		<u>56,938</u>	<u>44,131</u>	<u>78,982</u>	<u>53,268</u>	<u>41,553</u>
<b>Earnings per share . . . . .</b>	11					
Basic (RMB) . . . . .		<u>1.00</u>	<u>0.77</u>	<u>1.39</u>	<u>0.93</u>	<u>0.73</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,			As at
		2022	2023	2024	September 30,
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	13	166,845	176,200	171,386	175,101
Right-of-use assets . . . . .	14	5,957	6,581	9,971	13,471
Intangible assets . . . . .	15	2,770	1,669	5,288	6,725
Interest in an associate . . . . .	16	–	–	–	300
Deferred tax assets . . . . .	17	316	230	443	453
Time deposits . . . . .	21	–	–	15,273	15,569
		<u>175,888</u>	<u>184,680</u>	<u>202,361</u>	<u>211,619</u>
<b>Current assets</b>					
Inventories . . . . .	18	115,681	107,161	132,305	153,277
Trade and other receivables . . . . .	19	10,972	9,469	18,631	27,768
Right to returned goods asset . . . . .	24	434	548	558	505
Tax recoverable . . . . .		1,349	1,527	9	1,945
Financial asset at fair value through profit or loss ("FVTPL") . . . . .	20	–	–	30,097	32,299
Time deposits . . . . .	21	–	–	17,019	17,234
Restricted bank deposit . . . . .	21	*	–	–	–
Bank balances and cash . . . . .	21	55,677	114,094	88,044	91,940
		<u>184,113</u>	<u>232,799</u>	<u>286,663</u>	<u>324,968</u>
<b>Current liabilities</b>					
Trade and other payables . . . . .	22	66,667	73,035	68,584	71,534
Income tax payable . . . . .		*	216	2,114	217
Lease liabilities . . . . .	25	–	403	2,016	3,638
Contract liabilities . . . . .	23	5,662	11,638	5,284	6,949
Refund liabilities . . . . .	24	688	831	889	794
		<u>73,017</u>	<u>86,123</u>	<u>78,887</u>	<u>83,132</u>
<b>Net current assets</b> . . . . .		<u>111,096</u>	<u>146,676</u>	<u>207,776</u>	<u>241,836</u>
<b>Total assets less current liabilities</b> . . . . .		<u>286,984</u>	<u>331,356</u>	<u>410,137</u>	<u>453,455</u>
<b>Non-current liabilities</b>					
Lease liabilities . . . . .	25	–	394	339	2,213
Deferred income . . . . .	26	956	803	657	548
		<u>956</u>	<u>1,197</u>	<u>996</u>	<u>2,761</u>
<b>Net assets</b> . . . . .		<u>286,028</u>	<u>330,159</u>	<u>409,141</u>	<u>450,694</u>
<b>Capital and reserves</b>					
Share capital . . . . .	27	57,000	57,000	57,000	57,000
Reserves . . . . .		<u>229,028</u>	<u>273,159</u>	<u>352,141</u>	<u>393,694</u>
<b>Total equity</b> . . . . .		<u>286,028</u>	<u>330,159</u>	<u>409,141</u>	<u>450,694</u>

\* Amount below RMB1,000.

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,			As at
					September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	13	44,040	58,711	58,819	66,225
Right-of-use assets . . . . .	14	–	795	2,446	6,050
Intangible assets . . . . .	15	2,770	1,669	5,288	6,725
Investment in subsidiaries . . . . .	35	3,974	3,974	5,774	7,774
Interest in an associate . . . . .	16	–	–	–	300
Deferred tax assets . . . . .	17	316	230	443	453
Time deposits . . . . .	21	–	–	15,273	15,569
		<u>51,100</u>	<u>65,379</u>	<u>88,043</u>	<u>103,096</u>
<b>Current assets</b>					
Inventories . . . . .	18	115,681	107,161	132,305	153,277
Trade and other receivables . . . . .	19	137,263	129,962	126,456	128,189
Right to returned goods asset . . . . .	24	434	548	558	505
Tax recoverable . . . . .		1,644	1,873	–	1,931
Financial asset at FVTPL . . . . .	20	–	–	30,097	32,299
Time deposits . . . . .	21	–	–	17,019	17,234
Restricted bank deposit . . . . .	21	*	–	–	–
Bank balances and cash . . . . .	21	<u>47,535</u>	<u>103,094</u>	<u>83,270</u>	<u>90,110</u>
		<u>302,557</u>	<u>342,638</u>	<u>389,705</u>	<u>423,545</u>
<b>Current liabilities</b>					
Trade and other payables . . . . .	22	63,492	70,249	65,534	71,516
Income tax payable . . . . .		–	–	1,795	–
Lease liabilities . . . . .	25	–	403	2,016	3,638
Contract liabilities . . . . .	23	5,807	11,647	6,529	8,675
Refund liabilities . . . . .	24	688	831	889	794
		<u>69,987</u>	<u>83,130</u>	<u>76,763</u>	<u>84,623</u>
<b>Net current assets</b> . . . . .		<u>232,570</u>	<u>259,508</u>	<u>312,942</u>	<u>338,922</u>
<b>Total assets less current liabilities</b> . . . . .		<u>283,670</u>	<u>324,887</u>	<u>400,985</u>	<u>442,018</u>
<b>Non-current liabilities</b>					
Lease liabilities . . . . .	25	–	394	339	2,213
Deferred income . . . . .	26	956	803	657	548
		<u>956</u>	<u>1,197</u>	<u>996</u>	<u>2,761</u>
<b>Net assets</b> . . . . .		<u>282,714</u>	<u>323,690</u>	<u>399,989</u>	<u>439,257</u>
<b>Capital and reserves</b>					
Share capital . . . . .	27	57,000	57,000	57,000	57,000
Reserves . . . . .	34	<u>225,714</u>	<u>266,690</u>	<u>342,989</u>	<u>382,257</u>
<b>Total equity</b> . . . . .		<u>282,714</u>	<u>323,690</u>	<u>399,989</u>	<u>439,257</u>

\* Amount below RMB1,000.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Statutory reserve	(Accumulated losses) Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i> <i>(note i)</i>	<i>RMB'000</i> <i>(note ii)</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at January 1, 2022</b> . . . . .	57,000	254,679	4,450	(87,201)	228,928
Profit and total comprehensive income for the year . . . . .	–	–	–	56,938	56,938
Capital contribution from shareholder . . . . .	–	162	–	–	162
Transfer to statutory reserve . .	–	–	5,241	(5,241)	–
<b>As at December 31, 2022</b> . . . . .	57,000	254,841	9,691	(35,504)	286,028
Profit and total comprehensive income for the year . . . . .	–	–	–	44,131	44,131
Transfer to statutory reserve . .	–	–	4,098	(4,098)	–
<b>As at December 31, 2023</b> . . . . .	57,000	254,841	13,789	4,529	330,159
Profit and total comprehensive income for the year . . . . .	–	–	–	78,982	78,982
Transfer to statutory reserve . .	–	–	7,630	(7,630)	–
<b>As at December 31, 2024</b> . . . . .	57,000	254,841	21,419	75,881	409,141
Profit and total comprehensive income for the period . . . . .	–	–	–	41,553	41,553
Transfer to statutory reserve . .	–	–	3,927	(3,927)	–
<b>As at September 30, 2025</b> . . .	<u>57,000</u>	<u>254,841</u>	<u>25,346</u>	<u>113,507</u>	<u>450,694</u>
<b>As at December 31, 2023</b> . . . . .	57,000	254,841	13,789	4,529	330,159
Profits and total comprehensive income for the period . . . . .	–	–	–	53,268	53,268
Transfer to statutory reserve . .	–	–	5,085	(5,085)	–
<b>As at September 30, 2024</b> <b>(unaudited)</b> . . . . .	<u>57,000</u>	<u>254,841</u>	<u>18,874</u>	<u>52,712</u>	<u>383,427</u>

*Notes:*

- (i) Capital reserve represents share premium of the Company.
- (ii) In accordance with the Articles of Association of the Company and its subsidiaries, they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and its subsidiaries.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
<b>OPERATING ACTIVITIES</b>					
Profit before tax . . . . .	62,445	46,841	88,066	59,019	44,170
<i>Adjustments for:</i>					
Finance costs . . . . .	896	5	97	69	83
Bank interest income . . . . .	(759)	(1,042)	(1,077)	(843)	(652)
Depreciation of property, plant and equipment . . . . .	11,749	13,512	16,125	11,974	12,511
Depreciation of right-of-use assets .	523	229	1,663	1,121	2,126
Amortization of intangible assets . .	931	2,476	2,327	1,520	3,232
Impairment losses on trade and other receivables, net of reversal . . . . .	756	(715)	190	80	(39)
Write-down of inventories, net of reversal . . . . .	137	(185)	824	534	525
Income from government grants related to asset . . . . .	(175)	(153)	(146)	(73)	(109)
Loss (gain) on disposal of property, plant and equipment . .	352	(79)	247	247	211
Gain on disposal of interest in an associate . . . . .	–	–	(5)	(5)	–
Net foreign exchange (gains) losses . . . . .	(394)	(26)	(157)	(66)	19
Fair value gain of financial assets at FVTPL . . . . .	–	–	(345)	(36)	(1,323)
Operating cash flows before movements in working capital . .	76,461	60,863	107,809	73,541	60,754
(Increase) decrease in inventories .	(32,230)	8,672	(25,761)	(30,858)	(21,346)
Decrease (increase) in trade and other receivables . . . . .	8,669	2,542	(8,712)	(7,048)	(6,146)
(Increase) decrease in right to returned goods asset . . . . .	(64)	(114)	(10)	139	53
(Decrease) increase in trade and other payables . . . . .	(6,863)	6,997	(2,599)	(7,805)	6,247
(Decrease) increase in contract liabilities . . . . .	(9,852)	5,976	(6,354)	(8,854)	1,665
Increase (decrease) in refund liabilities . . . . .	122	143	58	(166)	(95)
Cash generated from operations . . .	36,243	85,079	64,431	18,949	41,132
Income taxes paid . . . . .	(7,829)	(2,586)	(5,883)	(4,539)	(6,459)
<b>NET CASH FROM OPERATING ACTIVITIES . . . . .</b>	<b>28,414</b>	<b>82,493</b>	<b>58,548</b>	<b>14,410</b>	<b>34,673</b>

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>INVESTING ACTIVITIES</b>					
Bank interest received . . . . .	759	1,042	785	767	141
Proceeds on disposal of property, plant and equipment . . . . .	240	1,422	2,062	1,988	516
Payments for property, plant and equipment . . . . .	(22,116)	(24,807)	(15,678)	(10,616)	(18,364)
Payments for intangible assets . . . .	(3,320)	(1,375)	(5,946)	(889)	(4,669)
Payments for right-of-use assets . . .	–	–	(1,910)	–	(56)
Repayment from shareholder . . . .	5,102	–	–	–	–
Proceeds on disposal of interest in an associate . . . . .	–	–	5	5	–
Investment in an associate . . . . .	–	–	–	–	(300)
Refund of rental deposits . . . . .	–	116	28	7	51
Payments for rental deposits . . . . .	–	(422)	(652)	(645)	(1,217)
Withdrawal of restricted bank deposits . . . . .	132	*	–	–	–
Withdrawal of financial assets at FVTPL . . . . .	–	–	15,248	15,036	466,121
Placement of financial assets at FVTPL . . . . .	–	–	(45,000)	(45,000)	(467,000)
Placement of time deposits . . . . .	–	–	(32,000)	(15,098)	–
<b>NET CASH USED IN INVESTING ACTIVITIES . . . .</b>	<b>(19,203)</b>	<b>(24,024)</b>	<b>(83,058)</b>	<b>(54,445)</b>	<b>(24,777)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from bank borrowings . . .	61,000	–	1,000	1,000	–
Repayments of bank borrowings . .	(128,581)	–	(1,000)	–	–
Interest paid . . . . .	(896)	–	(1)	–	–
Repayments of lease liabilities . . .	–	(62)	(1,682)	(1,172)	(2,154)
Capital injection by shareholders . .	162	–	–	–	–
Payment of issue cost . . . . .	–	–	–	–	(3,836)
<b>NET CASH USED IN FINANCING ACTIVITIES . . .</b>	<b>(68,315)</b>	<b>(62)</b>	<b>(1,683)</b>	<b>(172)</b>	<b>(5,990)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS . . . . .</b>	<b>(59,104)</b>	<b>58,407</b>	<b>(26,193)</b>	<b>(40,207)</b>	<b>3,906</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD . . . . .</b>	<b>114,520</b>	<b>55,677</b>	<b>114,094</b>	<b>114,094</b>	<b>88,044</b>
Effect of foreign exchange rate changes . . . . .	261	10	143	77	(10)
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash . . .</b>	<b>55,677</b>	<b>114,094</b>	<b>88,044</b>	<b>73,964</b>	<b>91,940</b>

\* Amount below RMB1,000.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

#### 1.1 General Information

The Company was incorporated in The People’s Republic of China (the “PRC”) on March 26, 2013 as a limited liability company. The Company was converted into a joint-stock company with limited liability and renamed as Hangzhou Xijiang Cultural Arts Co., Ltd. (杭州鑿匠文化藝術品股份有限公司) on October 28, 2014. On December 16, 2024, the Company was further renamed as Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司).

As at January 1, 2022, the share capital of the Company has been increased to RMB57,000,000. The share capital of the Company of RMB57,000,000 has remained unchanged throughout the Track Record Period.

As at September 30, 2025, Mr. Yu Guang (“Mr. Yu”), the founder, chairman and general manager of the Company and its subsidiaries (the “Group”), holds 26.27% of the total share capital of the Company. His shareholding remained unchanged throughout the Track Record Period. Mr. Yu is also the single largest shareholder of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” of the Prospectus.

The Company and its subsidiaries, as set out in Note 35, are principally involved in research and development, production and sale of cultural and creative products made of copper, silver, gold and wooden.

The Historical Financial Information is presented in the currency of RMB, which is the functional currency of the Company.

The statutory financial statements of the Company for the years ended December 31, 2022, 2023, 2024 and 2025 were prepared in accordance with Accounting Standards for Business Enterprises and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, a certified public accountant registered in the PRC.

#### 1.2 Basis of Preparation of Historical Financial Information

The Historical Financial Information has been prepared based on the accounting policies, in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”).

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### 2.1 Application of New and Amendments to IFRS Accounting Standards

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on January 1, 2025, throughout the Track Record Period.

#### *New and revised IFRS Accounting Standards in issue but not yet effective*

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

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

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027.

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

### ***IFRS 18 Presentation and Disclosure in Financial Statements***

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

## **2.2 Material Accounting Policy Information**

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for within the scope of IFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### ***Basis of consolidation***

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

#### ***Investments in an associate***

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

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

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 4, 23 and 24.

#### ***Property, plant and equipment***

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

Equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

## *Leases*

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

### *The Group as a lessee*

#### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

#### Short-term leases

The Group applies the short-term lease recognition exemption to leases (including dormitory and retail stores) that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

#### Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

#### Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

#### Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments are fixed payments (including in-substance fixed payments).

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

### *The Group as a lessor*

#### Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

### ***Intangible assets***

#### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### ***Internally-generated intangible assets — research and development expenditure***

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

### ***Inventories***

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

### ***Bank balances and cash***

Bank balances and cash presented on the consolidated statements of financial position include:

- (a) cash, which comprises cash on hand and demand deposits; and
- (b) cash equivalents, which comprises short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

### ***Provisions***

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### ***Investment in subsidiaries***

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

### ***Government grants***

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income.”

## ***Employee benefits***

### ***Retirement benefits costs***

Payments to state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

### ***Short-term employee benefits***

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, and annual leaves) after deducting any amount already paid.

## ***Foreign currencies***

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

## ***Taxation***

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

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognized the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognized in profit or loss.

#### ***Impairment on property, plant and equipment, right-of-use assets and intangible assets***

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately.

#### ***Financial instruments***

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

#### *Financial assets*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

#### (i) Amortized cost and interest income

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

#### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

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

#### Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other receivables, time deposits, restricted bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognizes lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

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

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

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjustment to their carrying amount, except for trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

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

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

*Financial liabilities and equity*

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

### Financial liabilities at amortized cost

Financial liabilities, including trade payable, other payables, payables for purchase of property, plant and equipment and guarantee deposits are subsequently measured at amortized cost, using the effective interest method.

### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### **Key sources of estimation uncertainty**

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

### *Estimated useful lives of property, plant and equipment*

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature, taking into consideration of the production plan. The Group will increase the depreciation charge where useful lives are expected to be less than previously estimated lives, or will write off or write down those assets which are technically obsolete or abandoned.

### *Allowance for inventories*

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and realizable value. Net realizable value is estimated based on current market situation and historical experience on similar inventories. Any change in these assumptions may increase or decrease the amount of inventory allowance or its subsequent reversal. The change in allowance would affect the Group's profit for the year.

## 4. REVENUE

### (i) Disaggregation of revenue from contracts with customers

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
<b>Type of goods</b>					
Copper-based cultural and creative products . . .	479,645	488,005	551,251	389,196	424,600
– Copper ornaments . . . . .	428,004	434,161	497,831	351,260	390,203
– Copper engraved artworks . . . . .	51,641	53,844	53,420	37,936	34,397
Plastic figures and toys . . . . .	3,286	13,304	14,252	11,089	6,959
Silver cultural and creative products . . . . .	4,771	3,320	4,232	1,086	6,538
Gold cultural and creative products . . . . .	–	–	1,274	820	9,496
Wooden cultural and creative products . . . . .	15,483	1,754	179	164	79
<b>Total</b> . . . . .	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>
<b>Timing of revenue recognition</b>					
A point in time . . . . .	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(unaudited)</i>				
<b>Sales channel</b>					
Direct sales . . . . .	371,845	370,955	438,277	302,319	351,138
– Online direct sales . . . . .	355,392	353,977	402,889	278,823	317,286
– Retail stores sales . . . . .	3,648	3,624	17,627	10,940	21,573
– Other direct sales . . . . .	12,805	13,354	17,761	12,556	12,279
Distribution partnerships . . . . .	127,794	121,369	116,982	91,437	74,624
– Online distributors . . . . .	51,842	47,027	37,996	30,656	25,951
– Offline distributors . . . . .	75,952	74,342	78,986	60,781	48,673
Consignment arrangement . . . . .	3,546	14,059	15,929	8,599	21,910
– Online . . . . .	3,546	13,990	14,185	7,621	20,210
– Offline . . . . .	–	69	1,744	978	1,700
<b>Total</b> . . . . .	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

(ii) **Performance obligations for contracts with customers and revenue recognition policies**

*Sales of goods*

The Group sells cultural and creative products to the customers through direct sales, distribution partnerships and consignment arrangement.

*Direct sales*

- Online direct sales

For online direct sales, revenue is recognized when control of goods has been transferred to customers, being at the point when confirmation of goods receipt by the customers or upon a certain period of time, usually 7 days, following the date of delivery as specified by the online platform, whichever is earlier.

Under the online direct sales, customers are entitled to return goods within a 7-day period upon date of delivery as specified by the online platform. The Group applies the expected value method based on accumulated historical experience, to estimate the volume of return on a portfolio level. Revenue is recognized only when it is highly probable that a significant reversal of the cumulative revenue recognized will not occur. A refund liability is recognized in respect of the expected refunds for estimated goods to be returned. The Group's right to recover products upon customers exercise their right is recognized as a right to returned goods asset, with a corresponding adjustment to cost of sales. The details of the refund liabilities estimated by the management of the Group are set out in Note 24.

- Retail store sales

Revenue from sales of goods through retail stores is recognized when control of the goods is transferred to the customer, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point of sales.

- Other direct sales

For other direct sales, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the customers. These transactions are under cash on delivery.

*Distribution partnerships*

For sales of goods through online and offline distributors, revenue is recognized when control of the goods is transferred upon handed over to the distributor's designated carrier. The Group generally receives full advance from distributors prior to delivery. Accordingly, a contract liability is recognized for the advances received in respect of sales for which revenue has yet been recognized. In certain cases, credit term of 30 to 60 days from the date of delivery are extended to selected distributors. Following the delivery, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for selling the goods and bears the risks of obsolescence and loss in relation to the goods.

### *Consignment arrangement*

For consignment arrangement, revenue is recognized when control of the goods is transferred to the end customers by the consignees. Prior to the sales, the Group typically ships the goods to the consignees; however, control of the goods remains with the Group until they are delivered to the end customers. During this period, the Group retains full discretion over the pricing and distribution of the goods and continues to bear the risk associated with obsolescence and loss.

For sales of goods from direct sales, distribution partnerships and consignment arrangement, sales-related warranties associated with the goods sold cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specification. Accordingly, the Group accounts for warranties in accordance with IAS 37.

### *Points accumulation program*

For online direct sales, points are granted to the customer by the Group on each purchase. These points entitle customers to discounts on future purchases that would not be granted without the initial purchases. As such, the promise provides future discounts constitutes a separate performance obligation under the contract. The total transaction price is allocated between the product sold and the points based on their relative stand-alone selling prices. The stand-alone selling price of the points is estimated by reference to the value of the discount offered upon redemption and the expected redemption rate, which is determined using the Group's historical data. At the time of the initial sales, a contract liability is recognized in respect of the points. Revenue relating to the points is subsequently recognized when the points are redeemed. For points not expected to be redeemed, revenue is recognized in proportion to the pattern of the rights exercised by customers.

#### **(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

Contract liabilities arising from advances received from customers and from unredeemed points are expected to be recognized as revenue within one year. As permitted under IFRS 15, the Group does not disclose the transaction price allocated to these unsatisfied performance obligations.

#### **(iv) Segment information**

Information reported to Mr. Yu, being the chief operating decision maker, uses revenue analysis by type of goods and by sales channel for the purposes of resource allocation and assessment. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, including major customers and geographic information, are presented.

### *Geographical information*

Information about the Group's revenue from external customers is presented based on the location of the operations.

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chinese Mainland . . . . .	495,990	500,514	564,147	396,700	442,847
Taiwan . . . . .	7,195	5,869	6,624	5,238	4,794
United States . . . . .	—	—	417	417	31
	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group's non-current assets are all located in the Chinese Mainland.

### *Information about major customers*

No customer contributes over 10% of total revenue of the Group over the Track Record Period.

## 5. OTHER INCOME

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of scrap and others . . . . .	4,009	3,391	4,242	2,698	2,837
Sales of accessories . . . . .	206	58	28	24	17
Rental income (note i) . . . . .	5,143	5,143	3,656	2,742	2,788
Government grants related to:					
– Income (note ii) . . . . .	2,255	2,850	2,475	2,125	707
– Asset (note iii) . . . . .	175	153	146	73	109
Super deduction of value added tax . . . . .	358	2,418	2,414	1,272	631
Interest income on bank deposits . . . . .	759	1,042	1,077	843	652
Compensation from third parties . . . . .	842	565	332	257	233
	<u>13,747</u>	<u>15,620</u>	<u>14,370</u>	<u>10,034</u>	<u>7,974</u>

### Notes:

- (i) In respect of rental income, direct operating expenses incurred for properties that generated rental income amounted to RMB2,264,609, RMB2,229,975, RMB1,605,838, RMB1,204,393 and RMB1,205,450 for the years ended December 31, 2022, 2023 and 2024, and for the nine months ended September 30, 2024 (unaudited) and September 30, 2025, respectively.
- (ii) The Group's income from government grants comprises financial incentives provided by related local government authorities in the PRC. These incentives were awarded in recognition of the Group's support and contribution to local economic development. No specific conditions were attached to the grants received from these local government authorities.
- (iii) The Group has received certain government grants as incentive for investing in plant and machineries. The grants have been recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 26.

## 6. OTHER GAINS AND LOSSES

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Loss) gain on disposal of property, plant and equipment . . . . .	(352)	79	(247)	(247)	(211)
Gain on disposal of interest in an associate . . . . .	–	–	5	5	–
Net foreign exchange gains (losses) . . . . .	394	26	157	66	(19)
Fair value gain of financial assets at FVTPL . . . . .	–	–	345	36	1,323
	<u>42</u>	<u>105</u>	<u>260</u>	<u>(140)</u>	<u>1,093</u>

## 7. FINANCE COSTS

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on:					
– lease liabilities . . . . .	–	5	96	69	83
– bank borrowings . . . . .	896	–	1	–	–
	<u>896</u>	<u>5</u>	<u>97</u>	<u>69</u>	<u>83</u>

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Depreciation of property, plant and equipment . . . . .	12,025	13,480	16,331	12,142	12,663
Depreciation of right-of-use assets . . . . .	523	229	1,663	1,121	2,126
Amortization of intangible assets . . . . .	931	2,476	2,327	1,520	3,232
Total depreciation and amortization . . . . .	13,479	16,185	20,321	14,783	18,021
Less: Capitalized in inventories. . . . .	(7,144)	(8,453)	(10,490)	(7,263)	(7,598)
	6,335	7,732	9,831	7,520	10,423
Directors' remuneration ( <i>Note 10</i> ) . . . . .	1,544	1,846	2,573	1,408	1,590
Salaries, allowances and benefits . . . . .	156,851	153,726	169,480	127,670	125,378
Retirement benefits scheme contributions . . . . .	9,541	9,532	11,302	8,442	8,705
Total staff costs (including directors) . . . . .	167,936	165,104	183,355	137,520	135,673
Less: Capitalized in inventories. . . . .	(128,810)	(117,178)	(129,765)	(97,529)	(91,441)
	39,126	49,926	53,590	39,991	44,232
Impairment losses under expected credit loss model, net of reversal on:					
– Trade receivables . . . . .	756	(743)	190	80	(39)
– Other receivables . . . . .	–	28	–	–	–
	756	(715)	190	80	(39)
Auditors' remuneration . . . . .	116	943	472	472	472
Write-down of inventories (included in cost of sales) . . . . .	2,296	1,510	1,664	1,480	1,609
Reversal of inventories write-down (included in cost of sales). . . . .	(2,159)	(1,695)	(840)	(946)	(1,084)
Cost of inventories recognized as cost of sales (excluding write-down and reversal of write-down of inventories). . . . .	333,135	334,042	360,204	246,604	279,675

## 9. INCOME TAX EXPENSES

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Current tax:					
PRC Enterprise Income Tax ("EIT") . . . . .	5,283	2,624	9,297	5,886	3,038
Over provision in prior years . . . . .	–	–	–	–	(411)
Deferred tax:					
Current year ( <i>Note 17</i> ) . . . . .	224	86	(213)	(135)	(10)
	5,507	2,710	9,084	5,751	2,617

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

However, throughout the Track Record Period, the Company has been accredited as “High and New Technology Enterprise” and is therefore eligible for a preferential EIT rate of 15% up to the year ending December 31, 2026. In addition, certain subsidiaries of the Group operating in the PRC have been accredited as “Micro and Small Enterprise” and are therefore eligible for a preferential EIT rate of 20%.

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax . . . . .	62,445	46,841	88,066	59,019	44,170
Tax charge at the EIT rate of 25% . . . . .	15,611	11,710	22,017	14,755	11,043
Tax at concessionary rates . . . . .	(6,244)	(4,420)	(8,523)	(5,736)	(4,122)
Over provision in prior years . . . . .	–	–	–	–	(411)
Tax effect of expenses not deductible for tax purpose . . . . .	133	5	22	14	14
Effect of super deduction in research and development expenses . . . . .	(2,783)	(4,179)	(4,216)	(3,096)	(3,663)
Effect of additional tax deduction for certain expenses . . . . .	(521)	(239)	(246)	(183)	(187)
Tax effect of unused tax losses not recognized as deferred tax assets. . . . .	35	13	46	32	1
Utilization of tax losses previously not recognized as deferred tax assets. . . . .	(724)	(180)	(16)	(35)	(58)
Income tax expenses . . . . .	<u>5,507</u>	<u>2,710</u>	<u>9,084</u>	<u>5,751</u>	<u>2,617</u>

#### 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the individuals who were appointed as the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

##### For the year ended December 31, 2022

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i) . . . . .	–	587	36	623
He Yun . . . . .	–	435	36	471
Luo Renxiang (note ii) . . . . .	–	258	12	270
Duan Lanchun (note v) . . . . .	–	–	–	–
Lin Xiangfeng (note v) . . . . .	–	–	–	–
<i>Non-executive director:</i>				
Xiao Feng . . . . .	–	–	–	–
<i>Independent non-executive directors:</i>				
Tu Bisheng . . . . .	60	–	–	60
Lou Tianyang (note viii) . . . . .	60	–	–	60
Hu Zhe (note vi) . . . . .	60	–	–	60
	<u>180</u>	<u>1,280</u>	<u>32</u>	<u>1,544</u>

**For the year ended December 31, 2023**

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i) . . . . .	–	587	34	621
He Yun . . . . .	–	506	34	540
Luo Renxiang (note ii) . . . . .	–	494	11	505
Duan Lanchun (note v) . . . . .	–	–	–	–
Lin Xiangfeng (note v) . . . . .	–	–	–	–
<i>Non-executive director:</i>				
Xiao Feng . . . . .	–	–	–	–
<i>Independent non-executive directors:</i>				
Tu Bisheng . . . . .	60	–	–	60
Lou Tianyang (note viii) . . . . .	60	–	–	60
Hu Zhe (note vi) . . . . .	60	–	–	60
	<u>180</u>	<u>1,587</u>	<u>79</u>	<u>1,846</u>

**For the year ended December 31, 2024**

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i) . . . . .	–	652	36	688
He Yun . . . . .	–	559	36	595
Luo Renxiang (note ii) . . . . .	–	533	12	545
Duan Lanchun (note v) . . . . .	–	–	–	–
Lin Xiangfeng (note v) . . . . .	–	–	–	–
Chen Ruiguang (note iii) . . . . .	–	138	6	144
Wang Xiaoxia (note iii) . . . . .	–	433	18	451
<i>Non-executive director:</i>				
Xiao Feng . . . . .	–	–	–	–
<i>Independent non-executive directors:</i>				
Tu Bisheng . . . . .	60	–	–	60
Lou Tianyang (note viii) . . . . .	60	–	–	60
Hu Zhe (note vi) . . . . .	–	–	–	–
Huang Wenli (note iv) . . . . .	30	–	–	30
	<u>150</u>	<u>2,315</u>	<u>108</u>	<u>2,573</u>

**For the nine months ended September 30, 2024 (unaudited)**

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i) . . . . .	–	320	26	346
He Yun . . . . .	–	274	25	299
Luo Renxiang (note ii) . . . . .	–	265	8	273
Chen Ruiguang (note iii) . . . . .	–	69	3	72
Wang Xiaoxia (note iii) . . . . .	–	302	11	313
Duan Lanchun (note v) . . . . .	–	–	–	–
Lin Xiangfeng (note v) . . . . .	–	–	–	–
<i>Non-executive director:</i>				
Xiao Feng . . . . .	–	–	–	–
<i>Independent non-executive directors:</i>				
Tu Bisheng . . . . .	45	–	–	45
Lou Tianyang (note viii) . . . . .	45	–	–	45
Huang Wenli (note iv) . . . . .	15	–	–	15
Hu Zhe (note vi) . . . . .	–	–	–	–
	<u>105</u>	<u>1,230</u>	<u>73</u>	<u>1,408</u>

**For the nine months ended September 30, 2025**

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i) . . . . .	–	298	28	326
He Yun . . . . .	–	277	28	305
Luo Renxiang (note ii) . . . . .	–	253	10	263
Chen Ruiguang (note iii) . . . . .	–	223	9	232
Wang Xiaoxia (note iii) . . . . .	–	291	28	319
<i>Non-executive director:</i>				
Xiao Feng . . . . .	–	–	–	–
<i>Independent non-executive directors:</i>				
Tu Bisheng . . . . .	45	–	–	45
Lou Tianyang (note viii) . . . . .	30	–	–	30
Huang Wenli (note iv) . . . . .	45	–	–	45
Fong Chun Fai (note vii) . . . . .	25	–	–	25
	<u>145</u>	<u>1,342</u>	<u>103</u>	<u>1,590</u>

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

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive director's emolument shown above was for his services as director of the Company.

*Notes:*

- i. Mr. Yu is the chairman and chief executive officer of the Company during the Track Record Period.
- ii. Luo Renxiang is the chief financial officer of the Company during the Track Record Period.
- iii. Appointed as executive director in July 2024.
- iv. Appointed as independent non-executive director in July 2024.
- v. Resigned as executive director in July 2024.
- vi. Resigned as independent non-executive director in July 2024.
- vii. Appointed as independent non-executive director in April 2025.
- viii. Resigned as independent non-executive director in July 2025.

None of the directors of the Company have waived any emoluments during the Track Record Period.

**Five highest paid individuals' emoluments**

The five highest paid employees of the Group included 1, 2, 2, 1 and 1 directors of the Company whose emoluments are set out above for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and 2025. The emoluments of the remaining 4, 3, 3, 4 and 4 highest paid individuals were as follows:

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits . . . . .	2,163	1,654	1,667	1,540	1,384
Retirement benefit scheme contributions. . . . .	102	78	40	47	66
	<u>2,265</u>	<u>1,732</u>	<u>1,707</u>	<u>1,587</u>	<u>1,450</u>

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals For the year ended December 31,			Number of individuals Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Nil to HK\$1,000,000 . . .	5	5	5	5	5
	=	=	=	=	=

## 11. EARNINGS PER SHARE

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

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Earnings:					
Earnings for the purpose of calculating basic earnings per share . . .	56,938	44,131	78,982	53,268	41,553
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Number of shares				
	2022	2023	2024	September 30, 2024	September 30, 2025
				<i>(unaudited)</i>	
Number of shares:					
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share . . .	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>

No diluted earnings per share for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and 2025 were presented as there were no potential ordinary shares in issue.

## 12. DIVIDENDS

No dividends were proposed or paid to the Company's ordinary shareholders during the Track Record Period, nor have any dividends been proposed since the end of the reporting period.

### 13. PROPERTY, PLANT AND EQUIPMENT

#### The Group

	Plant and buildings	Machineries	Leasehold improvements	Office equipment	Motor vehicles	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>							
As at January 1, 2022 . . . . .	168,718	31,729	1,860	5,087	1,941	183	209,518
Additions . . . . .	–	5,252	–	3,436	1,500	10,143	20,331
Disposals . . . . .	–	(1,968)	–	(185)	–	–	(2,153)
Transfer . . . . .	1,422	8,904	–	–	–	(10,326)	–
As at December 31, 2022 . . . . .	170,140	43,917	1,860	8,338	3,441	–	227,696
Additions . . . . .	–	12,385	–	2,231	2,105	7,457	24,178
Disposals . . . . .	(494)	(496)	(1,860)	(186)	(1,213)	–	(4,249)
Transfer . . . . .	949	282	404	–	–	(1,635)	–
As at December 31, 2023 . . . . .	170,595	56,088	404	10,383	4,333	5,822	247,625
Additions . . . . .	–	3,515	1,993	1,265	6,120	933	13,826
Disposals . . . . .	–	(82)	–	(5)	(2,349)	–	(2,436)
Transfer . . . . .	246	6,509	–	–	–	(6,755)	–
As at December 31, 2024 . . . . .	170,841	66,030	2,397	11,643	8,104	–	259,015
Additions . . . . .	–	11,211	2,819	801	2,148	126	17,105
Disposals . . . . .	–	(263)	–	–	(677)	–	(940)
Transfer . . . . .	–	70	–	–	–	(70)	–
As at September 30, 2025 . . . . .	170,841	77,048	5,216	12,444	9,575	56	275,180
<b>DEPRECIATION</b>							
As at January 1, 2022 . . . . .	38,547	7,774	1,345	2,541	180	–	50,387
Provided for the year . . . . .	5,378	3,730	482	1,633	802	–	12,025
Eliminated on disposals . . . . .	–	(1,441)	–	(120)	–	–	(1,561)
As at December 31, 2022 . . . . .	43,925	10,063	1,827	4,054	982	–	60,851
Provided for the year . . . . .	5,518	4,443	49	2,598	872	–	13,480
Eliminated on disposals . . . . .	(240)	(67)	(1,860)	(186)	(553)	–	(2,906)
As at December 31, 2023 . . . . .	49,203	14,439	16	6,466	1,301	–	71,425
Provided for the year . . . . .	5,548	5,799	974	2,410	1,600	–	16,331
Eliminated on disposals . . . . .	–	(76)	–	(4)	(47)	–	(127)
As at December 31, 2024 . . . . .	54,751	20,162	990	8,872	2,854	–	87,629
Provided for the period . . . . .	4,120	4,644	1,156	1,242	1,501	–	12,663
Eliminated on disposals . . . . .	–	(123)	–	–	(90)	–	(213)
As at September 30, 2025 . . . . .	58,871	24,683	2,146	10,114	4,265	–	100,079
<b>CARRYING VALUES</b>							
As at December 31, 2022 . . . . .	126,215	33,854	33	4,284	2,459	–	166,845
As at December 31, 2023 . . . . .	121,392	41,649	388	3,917	3,032	5,822	176,200
As at December 31, 2024 . . . . .	116,090	45,868	1,407	2,771	5,250	–	171,386
As at September 30, 2025 . . . . .	111,970	52,365	3,070	2,330	5,310	56	175,101

## The Company

	Machineries	Leasehold improvements	Office equipment	Motor vehicles	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>						
As at January 1, 2022 . . . . .	27,910	9,923	5,074	1,941	183	45,031
Additions . . . . .	5,204	–	3,436	1,500	10,143	20,283
Disposals . . . . .	(1,968)	–	(185)	–	–	(2,153)
Transfer . . . . .	8,904	1,422	–	–	(10,326)	–
As at December 31, 2022 . . . . .	40,050	11,345	8,325	3,441	–	63,161
Additions . . . . .	12,385	–	2,231	2,105	7,457	24,178
Disposals . . . . .	(453)	(1,860)	(186)	(1,213)	–	(3,712)
Transfer . . . . .	282	1,353	–	–	(1,635)	–
As at December 31, 2023 . . . . .	52,264	10,838	10,370	4,333	5,822	83,627
Additions . . . . .	3,515	1,963	1,265	6,120	933	13,796
Disposals . . . . .	(82)	–	(5)	(2,349)	–	(2,436)
Transfer . . . . .	6,509	246	–	–	(6,755)	–
As at December 31, 2024 . . . . .	62,206	13,047	11,630	8,104	–	94,987
Additions . . . . .	11,211	2,819	801	2,148	126	17,105
Disposals . . . . .	(263)	–	–	(677)	–	(940)
Transfer . . . . .	70	–	–	–	(70)	–
As at September 30, 2025 . . . . .	73,224	15,866	12,431	9,575	56	111,152
<b>DEPRECIATION</b>						
As at January 1, 2022 . . . . .	5,918	5,048	2,529	180	–	13,675
Provided for the year . . . . .	3,411	1,161	1,633	802	–	7,007
Eliminated on disposals . . . . .	(1,441)	–	(120)	–	–	(1,561)
As at December 31, 2022 . . . . .	7,888	6,209	4,042	982	–	19,121
Provided for the year . . . . .	4,093	875	2,598	872	–	8,438
Eliminated on disposals . . . . .	(44)	(1,860)	(186)	(553)	–	(2,643)
As at December 31, 2023 . . . . .	11,937	5,224	6,454	1,301	–	24,916
Provided for the year . . . . .	5,582	1,787	2,410	1,600	–	11,379
Eliminated on disposals . . . . .	(76)	–	(4)	(47)	–	(127)
As at December 31, 2024 . . . . .	17,443	7,011	8,860	2,854	–	36,168
Provided for the period . . . . .	4,459	1,771	1,241	1,501	–	8,972
Eliminated on disposals . . . . .	(123)	–	–	(90)	–	(213)
As at September 30, 2025 . . . . .	21,779	8,782	10,101	4,265	–	44,927
<b>CARRYING VALUES</b>						
As at December 31, 2022 . . . . .	32,162	5,136	4,283	2,459	–	44,040
As at December 31, 2023 . . . . .	40,327	5,614	3,916	3,032	5,822	58,711
As at December 31, 2024 . . . . .	44,763	6,036	2,770	5,250	–	58,819
As at September 30, 2025 . . . . .	51,445	7,084	2,330	5,310	56	66,225

Except for CIP, the above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of the residual value, as follows:

Plant and buildings . . . . .	2-5% per annum
Machineries . . . . .	10% per annum
Leasehold improvements . . . . .	10-63% per annum
Office equipment . . . . .	19-48% per annum
Motor vehicles . . . . .	19-24% per annum

As at December 31, 2022, 2023 and 2024, and September 30, 2025, plant and buildings with carrying amount of RMB103,544,000, RMB100,770,000 and nil, and nil, respectively, are pledged for banking facilities by the Group.

**The Group as lessor**

The Group leases out part of plant and buildings under operating leases. The leases typically run for an initial period of 1 year throughout the Track Record Period. None of the leases includes variable lease payments. The disaggregation of this part of plant under operating leases and the reconciliation of the carrying amount at the beginning and end of the period are set out as below:

	<i>RMB'000</i>
<b>COST</b>	
As at January 1, 2022 . . . . .	94,459
Termination . . . . .	<u>(20,890)</u>
As at December 31, 2022 . . . . .	73,569
Termination . . . . .	<u>(195)</u>
As at December 31, 2023 . . . . .	73,374
Termination . . . . .	<u>(19,228)</u>
As at December 31, 2024 . . . . .	54,146
Termination . . . . .	<u>(559)</u>
As at September 30, 2025 . . . . .	<u><u>53,587</u></u>
<b>DEPRECIATION</b>	
As at January 1, 2022 . . . . .	21,922
Charge for the year . . . . .	2,197
Eliminated on termination . . . . .	<u>(4,859)</u>
As at December 31, 2022 . . . . .	19,260
Charge for the year . . . . .	2,230
Eliminated on termination . . . . .	<u>(64)</u>
As at December 31, 2023 . . . . .	21,426
Charge for the year . . . . .	1,606
Eliminated on termination . . . . .	<u>(5,973)</u>
As at December 31, 2024 . . . . .	17,059
Charge for the period . . . . .	1,192
Eliminated on termination . . . . .	<u>(176)</u>
As at September 30, 2025 . . . . .	<u><u>18,075</u></u>
<b>CARRYING VALUES</b>	
As at December 31, 2022 . . . . .	<u>54,309</u>
As at December 31, 2023 . . . . .	<u>51,948</u>
As at December 31, 2024 . . . . .	<u>37,087</u>
As at September 30, 2025 . . . . .	<u><u>35,512</u></u>

**14. RIGHT-OF-USE ASSETS**

**The Group as lessee**

	<b>Land use right</b>	<b>Leased properties</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at December 31, 2022</b>			
Carrying amount . . . . .	<u>5,957</u>	<u>—</u>	<u>5,957</u>
<b>As at December 31, 2023</b>			
Carrying amount . . . . .	<u>5,786</u>	<u>795</u>	<u>6,581</u>
<b>As at December 31, 2024</b>			
Carrying amount . . . . .	<u>7,525</u>	<u>2,446</u>	<u>9,971</u>
<b>As at September 30, 2025</b>			
Carrying amount . . . . .	<u>7,421</u>	<u>6,050</u>	<u>13,471</u>
<b>For the year ended December 31, 2022</b>			
Depreciation charge . . . . .	<u>170</u>	<u>353</u>	<u>523</u>

	<u>Land use right</u>	<u>Leased properties</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>For the year ended December 31, 2023</b>			
Depreciation charge . . . . .	170	59	229
<b>For the year ended December 31, 2024</b>			
Depreciation charge . . . . .	170	1,493	1,663
<b>For the period ended September 30, 2025</b>			
Depreciation charge . . . . .	161	1,965	2,126

	<u>For the year ended December 31,</u>			<u>Nine months ended September 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases . . . . .	851	968	692	494
Variable lease payments not included in the measurement of lease liabilities . . . . .	117	–	48	49
Total cash outflow for leases . . . . .	968	1,452	4,984	3,970
Additions to right-of-use assets . . . . .	–	854	5,053	5,624

For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, the Group leases various retail stores for operational purpose. Lease contracts were entered into with fixed terms, with no extension options, ranging from 39 months, 24 to 25 months, 23 to 25 months, and 23 to 38 months, respectively. The Group assessed that it is reasonably certain not to exercise the termination option.

Lease terms are individually negotiated and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period during which the contract is enforceable.

In addition, leasehold land with a lease term of 50 years represents upfront payments for land use right in the Chinese Mainland, for which the Group has obtained the land use right certificates.

The Group regularly entered into short-term leases for dormitory and certain retail stores. As at December 31, 2022, 2023, 2024, and September 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

#### Variable lease payments

Leases of retail stores contain variable lease payment that are based on 20%, 8% to 20%, 8% to 12%, and 8% to 12% of sales along with minimum annual lease payment that are fixed over the lease term during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025. Certain variable payment terms include cap clauses. These types of lease terms are common in retail stores in the PRC where the Group operates. The fixed and variable lease payments paid/payable to relevant lessors during the Track Record Period:

	<u>Number of stores</u>	<u>Fixed payments</u>	<u>Variable payments</u>	<u>Total payments</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>For the year ended December 31, 2022</b>				
Retail stores with variable lease payments . . . . .	1	–	117	117
<b>For the year ended December 31, 2023</b>				
Retail stores with variable lease payments . . . . .	2	62	–	62
<b>For the year ended December 31, 2024</b>				
Retail stores with variable lease payments . . . . .	8	1,682	48	1,730
<b>For the nine months ended September 30, 2025</b>				
Retail stores with variable lease payments . . . . .	17	2,154	49	2,203

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. It is expected that variable rent expenses will continue to account for a similar proportion of store sales in future years.

#### Restrictions or covenants on leases

As at December 31, 2022, 2023 and 2024, and September 30, 2025, lease liabilities of nil, RMB797,000, RMB2,355,000 and RMB5,851,000 are recognized along with related right-of-use assets of nil, RMB795,000, RMB2,446,000 and RMB6,050,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Except for the land use right with carrying amount of RMB5,957,000, RMB5,786,000, nil and nil are pledged for banking facilities by the Group for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively, leased assets are not permitted to be used as security for borrowing purposes.

#### The Company as lessee

	<u>Leased properties</u>
	<i>RMB'000</i>
<b>As at December 31, 2022</b>	
Carrying amount . . . . .	—
<b>As at December 31, 2023</b>	
Carrying amount . . . . .	795
<b>As at December 31, 2024</b>	
Carrying amount . . . . .	2,446
<b>As at September 30, 2025</b>	
Carrying amount . . . . .	6,050
<b>For the year ended December 31, 2022</b>	
Depreciation charge . . . . .	353
<b>For the year ended December 31, 2023</b>	
Depreciation charge . . . . .	59
<b>For the year ended December 31, 2024</b>	
Depreciation charge . . . . .	1,493
<b>For the period ended September 30, 2025</b>	
Depreciation charge . . . . .	1,965

Information pertaining to these leased properties are provided above.

#### 15. INTANGIBLE ASSETS

##### The Group and the Company

	<u>Intellectual property right</u>
	<i>RMB'000</i>
<b>COST</b>	
As at January 1, 2022 . . . . .	920
Additions . . . . .	3,320
Expiry . . . . .	(637)
As at December 31, 2022 . . . . .	3,603
Additions . . . . .	1,375
Expiry . . . . .	(1,368)
As at December 31, 2023 . . . . .	3,610
Additions . . . . .	5,946
Expiry . . . . .	(3,216)
As at December 31, 2024 . . . . .	6,340
Additions . . . . .	4,669
As at September 30, 2025 . . . . .	11,009

	<b>Intellectual property right</b>
	<i>RMB'000</i>
<b>AMORTIZATION</b>	
As at January 1, 2022 . . . . .	539
Charge for the year . . . . .	931
Eliminated on expiry . . . . .	<u>(637)</u>
As at December 31, 2022 . . . . .	833
Charge for the year . . . . .	2,476
Eliminated on expiry . . . . .	<u>(1,368)</u>
As at December 31, 2023 . . . . .	1,941
Charge for the year . . . . .	2,327
Eliminated on expiry . . . . .	<u>(3,216)</u>
As at December 31, 2024 . . . . .	1,052
Charge for the year . . . . .	<u>3,232</u>
As at September 30, 2025 . . . . .	<u>4,284</u>
<b>CARRYING VALUES</b>	
As at December 31, 2022 . . . . .	<u>2,770</u>
As at December 31, 2023 . . . . .	<u>1,669</u>
As at December 31, 2024 . . . . .	<u>5,288</u>
As at September 30, 2025 . . . . .	<u>6,725</u>

Intellectual property right is amortized on a straight-line basis over the estimated useful life of 2 years to 10 years which represent the contract term.

## 16. INTEREST IN AN ASSOCIATE

### The Group and the Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investment in an associate . . . . .	3,000	3,000	–	300
Share of post-acquisition results . . . . .	<u>(777)</u>	<u>(777)</u>	–	–
	2,223	2,223	–	300
Less: Accumulated impairment loss recognized . . . . .	<u>(2,223)</u>	<u>(2,223)</u>	–	–
	<u>–</u>	<u>–</u>	–	300
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

On March 19, 2019, the Group acquired 30% equity interest in Yiyou Technology (Beijing) Co., Ltd. (“Yiyou Technology”) for a total consideration of RMB3,000,000. According to the articles of association of Yiyou Technology, all significant decision regarding relevant activities require the approval of shareholders representing more than two-thirds of total votes, with voting rights allocated in proportion to each shareholder’s equity interest. As a result, the Group accounted for this investment as an associate using the equity method.

As at December 31, 2022 and 2023, Yiyou Technology has been fully impaired due to its poor performance and the directors of the Company estimated the recoverable amount of Yiyou Technology to be less than its carrying amount.

During the year ended December 31, 2024, the Group disposed of its entire equity interest in Yiyou Technology to an independent third party for a total cash consideration of RMB5,000, resulting a recognition of a gain on disposal of interest in an associate amounting to RMB5,000.

On August 19, 2025, the Group acquired 30% equity interest in Xuyexu (Hangzhou) Culture Technology Co., Ltd\*. (許也許(杭州)文化科技有限公司, “Xuyexu Hangzhou”), which is principally engaged in provision of digital content creation, advertisement and marketing activities, and internet-based media services, for a total consideration of RMB300,000. According to the articles of association of Xuyexu Hangzhou, any significant decisions concerning relevant activities require shareholders’ approval with a majority vote exceeding 50%, with voting rights allocated in proportion to each shareholder’s equity interest. As such, the Group accounted for this investment as an associate using the equity method.

Xuyexu Hangzhou was a newly setup entity with no active operation in business from date of establishment to September 30, 2025, the share of post-acquisition result and share of net assets of Xuyexu Hangzhou from date of establishment to September 30, 2025 were insignificant and not presented.

\* English name is for identification purpose only.

## 17. DEFERRED TAXATION

### The Group and the Company

The following is a summary of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
Deferred tax assets . . . . .	316	230	443	453

The following are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the reporting periods:

	Allowance on inventories and credit losses	Lease liabilities	Right-of-use assets	Deferred income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022 . . . . .	371	–	–	169	–	540
Credited (charged) to profit or loss . . . . .	134	–	–	(26)	(332)	(224)
As at December 31, 2022 . . . . .	505	–	–	143	(332)	316
(Charged) credited to profit or loss . . . . .	(140)	120	(119)	(23)	76	(86)
As at December 31, 2023 . . . . .	365	120	(119)	120	(256)	230
Credited (charged) to profit or loss . . . . .	152	234	(248)	(22)	97	213
As at December 31, 2024 . . . . .	517	354	(367)	98	(159)	443
Credited (charged) to profit or loss . . . . .	73	524	(540)	(17)	(30)	10
As at September 30, 2025 . . . . .	590	878	(907)	81	(189)	453

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group had unused tax losses of RMB1,972,000, RMB857,000, RMB1,057,000, and RMB828,000, respectively, available to offset against future profits. No deferred tax asset has been recognized in respect of these unused tax losses arising from the subsidiaries due to the unpredictability of future profit streams sufficient to utilize the losses.

The unrecognized tax losses will be carried forward and expire in years as follows:

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
2026 . . . . .	1,736	620	510	510
2027 . . . . .	236	151	151	57
2028 . . . . .	–	87	87	–
2029 . . . . .	–	–	309	258
2030 . . . . .	–	–	–	3
	1,972	857	1,057	828

## 18. INVENTORIES

### The Group and the Company

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables . . .	20,883	22,345	22,354	33,882
Work in progress . . . . .	18,517	30,360	26,456	29,985
Finished goods . . . . .	71,476	47,951	76,574	84,634
Goods in transit . . . . .	4,805	6,505	6,921	4,776
	<u>115,681</u>	<u>107,161</u>	<u>132,305</u>	<u>153,277</u>

Inventories are stated at net of write-down of approximately RMB2,422,000, RMB2,237,000, RMB3,061,000 and RMB3,586,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively.

The aging of inventories (not including goods in transit), net of allowance for inventories, is presented as follows:

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days . . . . .	63,870	61,786	71,157	84,146
91 to 180 days . . . . .	23,413	7,936	16,368	32,765
181 to 365 days . . . . .	18,197	14,433	13,377	4,146
Above one year to two years . . . .	4,037	14,011	13,231	11,092
Above two years . . . . .	1,359	2,490	11,251	16,352
	<u>110,876</u>	<u>100,656</u>	<u>125,384</u>	<u>148,501</u>

## 19. TRADE AND OTHER RECEIVABLES

### The Group

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	6,752	2,884	9,421	8,525
Less: allowance for credit losses . .	(944)	(169)	(359)	(320)
	<u>5,808</u>	<u>2,715</u>	<u>9,062</u>	<u>8,205</u>
Other receivables . . . . .	1,965	1,579	2,394	5,185
Less: allowance for credit losses . .	–	(28)	(28)	(28)
	<u>1,965</u>	<u>1,551</u>	<u>2,366</u>	<u>5,157</u>
Amount due from a related party . .	–	–	–	1,115
Advances to suppliers . . . . .	1,811	2,455	4,942	5,283
Prepayments for purchase of property, plant and equipment . .	–	–	–	1,799
Prepaid expenses . . . . .	978	2,164	858	56
Value added tax recoverable . . . . .	410	584	1,403	1,709
Deferred issued costs . . . . .	–	–	–	4,444
	<u>3,199</u>	<u>5,203</u>	<u>7,203</u>	<u>14,406</u>
Total trade and other receivables . .	<u>10,972</u>	<u>9,469</u>	<u>18,631</u>	<u>27,768</u>

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB6,609,000 (net of allowances for credit losses of RMB188,000).

The Group allows a credit period ranging from 30 to 60 days to its certain customers. An aged analysis of trade receivables (net of allowance for credit losses), based on invoice dates, is presented as follows:

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
0-30 days not past due . . . . .	4,766	2,715	8,465	7,791
31-60 days not past due . . . . .	1,042	–	597	414
	<u>5,808</u>	<u>2,715</u>	<u>9,062</u>	<u>8,205</u>

Details of the impairment assessment of trade receivables and other receivables are set out in Note 29b.

The amount due from a related party is trade related, unsecured, interest-free and repayable on demand.

Trade and other receivables denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
United States dollar (“US\$”) . . . . .	<u>1,719</u>	<u>678</u>	<u>1,197</u>	<u>963</u>

**The Company**

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
Trade receivables				
– Subsidiaries . . . . .	3,361	4,799	1,673	1,244
– Third parties . . . . .	<u>6,752</u>	<u>2,884</u>	<u>9,421</u>	<u>7,501</u>
	10,113	7,683	11,094	8,745
Less: allowance for credit losses . . . . .	<u>(944)</u>	<u>(169)</u>	<u>(359)</u>	<u>(320)</u>
	<u>9,169</u>	<u>7,514</u>	<u>10,735</u>	<u>8,425</u>
Other receivables				
– Subsidiaries . . . . .	123,613	116,330	106,997	102,027
– Third parties . . . . .	<u>1,737</u>	<u>1,023</u>	<u>2,049</u>	<u>4,869</u>
	125,350	117,353	109,046	106,896
Less: allowance for credit losses . . . . .	<u>–</u>	<u>(28)</u>	<u>(28)</u>	<u>(28)</u>
	125,350	117,325	109,018	106,868
Amount due from a related party . . . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>118</u>
Advances to suppliers				
– Subsidiaries . . . . .	–	219	–	–
– Third parties . . . . .	<u>1,666</u>	<u>2,455</u>	<u>4,851</u>	<u>5,074</u>
	1,666	2,674	4,851	5,074
Prepayments for purchase of property, plant and equipment . . . . .	–	–	–	1,799
Prepaid expenses . . . . .	978	2,164	775	56
Value added tax recoverable . . . . .	100	285	1,077	1,405
Deferred issued costs . . . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,444</u>
	<u>2,744</u>	<u>5,123</u>	<u>6,703</u>	<u>12,896</u>
Total trade and other receivables . . . . .	<u>137,263</u>	<u>129,962</u>	<u>126,456</u>	<u>128,189</u>

## 20. FINANCIAL ASSET AT FVTPL

### The Group and the Company

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Structured deposits . . . . .	–	–	30,097	32,299
	=	=	=	=

During the year ended December 31, 2024, the Group entered into structured deposits with banks, which have maturity terms of 90 days or less. The return on these deposits is linked to foreign currency market. For the year ended December 31, 2024, the expected annualised yield rate was 2.5% per annum.

During the nine months ended September 30, 2025, the Group entered into structured deposits with banks, of which certain structured deposits have no maturity date and other structured deposits have maturity terms of 97 days or less. The return on these deposits is linked to the yield of 10-year Chinabond Treasury bonds and foreign currency market, and performance of underlying investments with expected yield rate ranging from 1.59% to 2.1% per annum.

Further details regarding the fair value measurement of these financial assets at FVTPL are disclosed in Note 29.

## 21. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSIT/TIME DEPOSITS

### The Group

Bank balances and cash of the Group are comprised of cash and short-term bank deposits with original maturities of three months or less. These short-term bank deposits bear interests at market rates, ranging from 0.05% to 0.9%, 0.05% to 0.7%, 0.1% to 1.3%, and 0.05% to 1.3% per annum as at December 31, 2022, 2023 and 2024, and September 30, 2025, respectively.

As at December 31, 2022, margin deposit held by the Group for derivative trading purpose were subject to restriction and, therefore, not classified as cash and cash equivalents.

As at December 31, 2024 and September 30, 2025, time deposits with original maturity of over three months were carried at fixed interest rates ranging from 1.7% to 2.6% per annum.

### The Company

Bank balances and cash of the Company are comprised of cash and short-term bank deposits with original maturities of three months or less. These short-term bank deposits bear interests at market rates, ranging from 0.05% to 0.9%, 0.05% to 0.7%, 0.1% to 1.3%, and 0.05% to 1.3% per annum as at December 31, 2022, 2023 and 2024, and September 30, 2025, respectively.

As at December 31, 2024 and September 30, 2025, time deposits with original maturity of over three months were carried at fixed interest rates ranging from 1.7% to 2.6% per annum.

Bank balances and cash denominated in currencies other than the functional currency of the respective group entities are presented below:

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
US\$. . . . .	6,753	494	–	472
EUR . . . . .	*	*	*	*
	=	=	=	=

\* Amount below RMB1,000.

## 22. TRADE AND OTHER PAYABLES

### The Group

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	31,077	34,525	32,554	32,266
Amount due to a related party . . . . .	–	–	–	232
Other payables and accruals . . . . .	7,779	6,825	7,222	7,943
Payables for purchase of property, plant and equipment . . . . .	5,088	4,459	2,607	3,146
Distributor guarantee deposits . . . . .	5,281	5,346	3,740	2,901
Accrued listing expense . . . . .	–	–	–	1,754
Accrued issue cost . . . . .	–	–	–	608
Salary and bonus payables . . . . .	12,353	17,380	15,513	17,467
Other taxes payables . . . . .	5,089	4,500	6,948	5,217
Total trade and other payables . . . . .	<u>66,667</u>	<u>73,035</u>	<u>68,584</u>	<u>71,534</u>

Payment terms with suppliers are mainly on credit within 60 days from the time when the goods are received. An aged analysis of trade payables, based on invoice date at the end of the reporting period, is presented as follows:

The amount due to a related party is trade related, unsecured, interest-free and repayable on demand.

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days . . . . .	21,763	29,965	29,216	28,934
31-60 days . . . . .	9,314	4,560	3,338	3,332
	<u>31,077</u>	<u>34,525</u>	<u>32,554</u>	<u>32,266</u>

### The Company

	As at December 31,			As at
	2022	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	31,058	34,525	32,554	32,266
Amount due to a related party . . . . .	–	–	–	232
Other payables and accruals				
– Subsidiaries . . . . .	549	205	–	2,224
– Third parties . . . . .	7,179	6,797	7,222	7,907
	7,728	7,002	7,222	10,131
Payables for purchase of property, plant and equipment . . . . .	3,959	4,199	2,289	3,064
Distributor guarantee deposits . . . . .	5,281	5,346	3,740	2,901
Accrued listing expense . . . . .	–	–	–	1,754
Accrued issue cost . . . . .	–	–	–	608
Salary and bonus payables . . . . .	12,353	17,380	15,513	17,467
Other taxes payables . . . . .	3,113	1,797	4,216	3,093
Total trade and other payables . . . . .	<u>63,492</u>	<u>70,249</u>	<u>65,534</u>	<u>71,516</u>

## 23. CONTRACT LIABILITIES

### The Group

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current liabilities:				
– Advance payments from distributors . . . . .	5,343	11,288	4,903	6,434
– Points accumulation program . . . . .	319	350	381	515
	<u>5,662</u>	<u>11,638</u>	<u>5,284</u>	<u>6,949</u>

As at January 1, 2022, contract liabilities of the Group amounted to RMB14,053,000.

All contract liabilities outstanding at the end of each reporting period are expected to be recognized as revenue within the following year.

The typical payment terms that impact on the contract liabilities are as follows:

#### – Advance payments from distributors

The Group usually receives 100% advance payments from distributors prior to the delivery of goods. These advance receipts are recorded as contract liabilities and are recognized as revenue when the control of the goods is transferred to them.

#### – Points accumulation program

Customers earn points through purchases of goods made on online direct sales. These points can be redeemed for discounts on future purchases. As a result, the Group recognized a contract liability for the value of unredeemed points, which will be subsequently recognized as revenue upon redemption.

### The Company

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current liabilities:				
– Advance payments from distributors . . . . .	5,343	11,288	4,903	6,434
– Advance payments from subsidiaries . . . . .	145	9	1,245	1,726
– Points accumulation program . . . . .	319	350	381	515
	<u>5,807</u>	<u>11,647</u>	<u>6,529</u>	<u>8,675</u>

As at January 1, 2022, contract liabilities of the Company amounted to RMB13,053,000.

## 24. RIGHT TO RETURNED GOODS ASSET/REFUND LIABILITIES

The right to returned goods asset represents the Group's and the Company's contractual right to recover products from customers who exercise their right of return under the 7-day return policy. The Group estimates expected returns at the portfolio level using the expected value method, based on historical experience.

Refund liabilities arise from customers' right to return products within 7 days of purchase. At the time of sale, the Group recognizes a refund liability and a corresponding adjustment to revenue for products expected to be returned. These estimates are also determined on a portfolio level using the expected value method, reflecting the Group's historic return patterns.

## 25. LEASE LIABILITIES

### The Group and the Company

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
<b>Lease liabilities payable:</b>				
Within one year . . . . .	–	403	2,016	3,638
Within a period of more than one year but not exceeding two years . . . . .	–	394	339	2,213
	–	797	2,355	5,851
Less: amounts due within one year shown under current liabilities . .	–	(403)	(2,016)	(3,638)
Amounts shown under non-current liabilities . . . . .	–	394	339	2,213
	–	394	339	2,213

For the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025, the weighted average incremental borrowing rate applied to lease liabilities were 4.20%, 4.01% and 3.75%, respectively.

## 26. DEFERRED INCOME

### The Group and the Company

	Asset related government grant
	RMB'000
As at January 1, 2022 . . . . .	1,131
Credited to profit or loss ( <i>Note 5</i> ) . . . . .	(175)
As at December 31, 2022 . . . . .	956
Credited to profit or loss ( <i>Note 5</i> ) . . . . .	(153)
As at December 31, 2023 . . . . .	803
Credited to profit or loss ( <i>Note 5</i> ) . . . . .	(146)
As at December 31, 2024 . . . . .	657
Credited to profit or loss ( <i>Note 5</i> ) . . . . .	(109)
As at September 30, 2025 . . . . .	548

The government grants were recognized in profit or loss over the useful lives of the relevant assets.

## 27. SHARE CAPITAL OF THE COMPANY

### Authorized, issued and fully paid:

	Number of shares	Par value	Share capital
		RMB	RMB'000
As at January 1, 2022, December 31, 2022, December 31, 2023, December 31, 2024 and September 30, 2025 . . . . .	57,000	1	57,000

## 28. CAPITAL RISK MANAGEMENT

The Group manages its capital with the objective of ensuring the Group entities will be able to continue as a going concern, while maximizing the return to shareholders through the efficient management of debt-to-equity ratio. The Group's overall capital management strategy remained consistent throughout the Track Record Period.

The Group's capital structure comprises net debt, which includes lease liabilities as disclosed in Note 25, net of cash and cash equivalents and equity attributable to owners of the Company, which includes share capital and reserves.

The Company's directors review the Group's capital structure regularly, taking into account the cost of capital and the risk associated with each class of capital. Based on these assessments and recommendation of the directors, the Group seeks to maintain an optimal capital structure through the combination of dividend distribution, share issuances, and share repurchases as well as the issue of new debt, as appropriate.

## 29. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
<b>Financial assets</b>				
Financial assets at amortized cost . . . . .	63,450	118,360	131,764	139,220
Financial assets at FVTPL . . . . .	—	—	30,097	32,299
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Financial liabilities</b>				
Financial liabilities at amortized cost . . . . .	44,699	46,025	39,890	39,527
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

### b. Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, time deposits, bank balances and cash, trade and other payables and refund liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

The Group's operations expose it primarily to currency risk and interest rate risk. There were no significant change in the Group's exposure to these risks, nor the manner in which it managed and measured these risks during the Track Record Period.

#### (i) Currency risk

Certain entities of the Group engage in foreign currency transactions, including sales, which give rise to foreign currency risk. In addition, some of the Group's bank balances and cash, as well as trade and other receivables, are denominated in currencies other than the respective entities' functional currencies, thereby exposing the Group to foreign currency risk. The carrying amounts of monetary assets and liabilities denominated in foreign currencies, other than the functional currency of the respective entities, are disclosed in the relevant notes.

The Group is mainly exposed to foreign currency of US\$, the carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables and bank balances and cash):

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
<b>Assets</b>				
US\$. . . . .	8,472	1,172	1,197	1,435

### Sensitivity analysis

The following table presents the Group's sensitivity to a 5% increase and decrease in RMB against US\$, a foreign currency to which the Group may have a material exposure. The analysis is based on the Group's foreign currency denominated monetary items outstanding at the end of the reporting period, with their translation adjusted to reflect a 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against US\$, there would otherwise be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	For the year December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Impact on profit or loss US\$. . . . .	360	50	51	126	61

#### (ii) Interest rate risk

The Group is exposed to fair value interest rate risk primarily in relation to fixed-rates bank balances and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances.

As the management considers that the exposure of fair value interest rate risk and cash flow interest rate risk are insignificant, therefore no sensitivity analysis on such risk has been prepared.

### Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk, which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets, as disclosed in the consolidated statements of the financial position.

In order to minimize credit risk, the Group continuously monitors its exposure to counterparties and reviews their historical repayment records for its major customers and other debtors at the end of the reporting period to ensure that adequate impairment losses, if any, are made for irrecoverable amount.

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Internal credit rating	12-month or lifetime ECL	As at December 31,			As at September 30,
			2022 Gross carrying amount	2023 Gross carrying amount	2024 Gross carrying amount	2025 Gross carrying amount
			RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at amortized cost</b>						
Bank balances (note i) . . . . .	Low risk	12-month ECL	55,677	114,094	88,044	91,940
Time deposits (note i) . . . . .	Low risk	12-month ECL	–	–	32,292	32,803
Other receivables (note ii) . . . . .	Low risk	12-month ECL	1,965	1,579	2,394	6,300
Trade receivables (note iii) . . . . .	Not applicable	Lifetime ECL (collective assessment)	5,962	2,777	9,314	8,418
		Lifetime ECL (individual assessment)	790	107	107	107

Notes:

- (i) The Group performed impairment assessment on bank balances and time deposits and concluded that the associated credit risk is limited, as the counterparties are reputable banks with high credit ratings.
- (ii) For other receivables, the directors of the Company consider that there have been no significant increase in credit risk since initial recognition. Accordingly, the Group provided impairment based on 12m ECL. For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, the Group assessed the ECL for other receivables, and recognized loss allowance of nil, RMB28,000, nil and nil, respectively.
- (iii) Trade receivables are grouped based on the shared credit risk characteristics, in which the trade receivables are grouped into (i) Group A: trade receivables arising from online direct sales, and (ii) Group B: remaining trade receivables arising from other than online direct sales. The directors of the Company consider that the Group A receivables carried low credit risk and therefore no loss allowance is recognized for this group. On the other hand, trade receivables with credit impaired are assessed individually by the Group.

Trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

December 31, 2022			
Average loss rate	Gross amount of trade receivables	ECL amount	
	<i>RMB'000</i>	<i>RMB'000</i>	
Group A: Current (not past due) . . . . .	–	835	–
Group B: Current (not past due) . . . . .	3%	5,127	154
		<u>5,962</u>	<u>154</u>
December 31, 2023			
Average loss rate	Gross amount of trade receivables	ECL Amount	
	<i>RMB'000</i>	<i>RMB'000</i>	
Group A: Current (not past due) . . . . .	–	700	–
Group B: Current (not past due) . . . . .	3%	2,077	62
		<u>2,777</u>	<u>62</u>
December 31, 2024			
Average loss rate	Gross amount of trade receivables	ECL amount	
	<i>RMB'000</i>	<i>RMB'000</i>	
Group A: Current (not past due) . . . . .	–	693	–
Group B: Current (not past due) . . . . .	3%	8,621	252
		<u>9,314</u>	<u>252</u>
September 30, 2025			
Average loss rate	Gross amount of trade receivables	ECL amount	
	<i>RMB'000</i>	<i>RMB'000</i>	
Group A: Current (not past due) . . . . .	–	1,316	–
Group B: Current (not past due) . . . . .	3%	7,102	213
		<u>8,418</u>	<u>213</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 the Group provided impairment loss of RMB154,000, RMB62,000, RMB252,000, and RMB213,000 for trade receivables respectively, based on collective assessment. The Group provided impairment allowances of RMB790,000, RMB107,000, RMB107,000, and RMB107,000 on trade receivables with gross carrying amounts of RMB790,000, RMB107,000, RMB107,000, and RMB107,000, as of December 31, 2022, 2023 and 2024, and September 30, 2025 respectively for the Track Record Period was assessed individually.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach using provision matrix.

	As at December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
<b>Beginning balance</b> . . . . .	139	154	62	252
Loss allowances recognized (reversed), net . . . . .	15	(92)	190	(39)
<b>Closing balance</b> . . . . .	<u>154</u>	<u>62</u>	<u>252</u>	<u>213</u>

For the purposes of impairment assessment, the Group considers its other financial assets to be of low credit risk. As such, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these financial assets at amortized cost, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate. The directors of the Company considered that the 12-month ECL allowance is insignificant at the end of each reporting period.

**Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or less than one year	One to five years	Total un-discounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000
<b>As December 31, 2022</b>					
Trade and other payables . . . . .		44,699	–	44,699	44,699
<b>As December 31, 2023</b>					
Trade and other payables . . . . .		46,025	–	46,025	46,025
Lease liabilities . . . . .	4.20%	429	401	830	797
		<u>46,454</u>	<u>401</u>	<u>46,855</u>	<u>46,822</u>
<b>As December 31, 2024</b>					
Trade and other payables . . . . .		39,890	–	39,890	39,890
Lease liabilities . . . . .	4.01%	2,073	342	2,415	2,355
		<u>41,963</u>	<u>342</u>	<u>42,305</u>	<u>42,245</u>
<b>As at September 30, 2025</b>					
Trade and other payables . . . . .		39,527	–	39,527	39,527
Lease liabilities . . . . .	3.75%	4,032	2,250	6,282	5,851
		<u>43,559</u>	<u>2,250</u>	<u>45,809</u>	<u>45,378</u>

**c. Fair value measurements of financial instruments**

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

**(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

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

<u>Financial assets</u>	<u>Fair value as at December 31, 2024</u>	<u>Fair value hierarchy</u>	<u>Valuation technique and key inputs</u>	<u>Significant unobservable inputs</u>
Financial assets at FVTPL . . . . .	Structured deposits: RMB30,097,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A

  

<u>Financial assets</u>	<u>Fair value as at September 30, 2025</u>	<u>Fair value hierarchy</u>	<u>Valuation technique and key inputs</u>	<u>Significant unobservable inputs</u>
Financial assets at FVTPL . . . . .	Structured deposits: RMB32,299,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A

**(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statements of financial position approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

**30. CAPITAL COMMITMENT**

The Group had capital commitments for purchase of equipment and building construction under non-cancellable contracts as follows:

	<u>As at December 31,</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2025</u>
				<u>RMB'000</u>
Contracted but not provided for				
– Property, plant and equipment . .	<u>109</u>	<u>265</u>	<u>354</u>	<u>2,881</u>

**31. RETIREMENT BENEFIT PLANS**

The employees of the Company's and the Group's subsidiaries are members of the state-managed retirement benefits schemes operated by government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB9,625,000, RMB9,613,000, RMB11,410,000, RMB8,515,000 and RMB8,808,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and the nine months ended September 30, 2025.

### 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	Borrowing	Accrued issue cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2022 . . . . .	–	67,581	–	67,581
Financing cash flows . . . . .	–	(68,477)	–	(68,477)
Interest expenses . . . . .	–	896	–	896
As at December 31, 2022 . . . . .	–	–	–	–
Financing cash flows . . . . .	(62)	–	–	(62)
Interest expenses . . . . .	5	–	–	5
New lease entered . . . . .	854	–	–	854
As at December 31, 2023 . . . . .	797	–	–	797
Financing cash flows . . . . .	(1,682)	(1)	–	(1,683)
Interest expenses . . . . .	96	1	–	97
New lease entered . . . . .	3,144	–	–	3,144
As at December 31, 2024 . . . . .	2,355	–	–	2,355
Financing cash flows . . . . .	(2,154)	–	(3,836)	(5,990)
Interest expenses . . . . .	83	–	–	83
New lease entered . . . . .	5,567	–	–	5,567
Deferred issue cost . . . . .	–	–	4,444	4,444
As at September 30, 2025 . . . . .	5,851	–	608	6,459
As at January 1, 2024 . . . . .	797	–	–	797
Financing cash flows . . . . .	(1,172)	1,000	–	(172)
Interest expenses . . . . .	69	–	–	69
New lease entered . . . . .	3,143	–	–	3,143
As at September 30, 2024 (unaudited) . . . . .	2,837	1,000	–	3,837

### 33. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties and the relationship with the Group are as follows:

Name of related party	Relationship
Hangzhou Tongmu Zhuyi Furniture Co., Ltd.* (杭州銅木主義傢俱股份有限公司) (“Tongmu Zhuyi”). . .	Controlled by Mr. Yu, who is controlling shareholder and chief executive officer of the Company.
Hebei Zhe Yi Jian Construction Engineering Co., Ltd.* (河北浙一建建築工程有限公司) (“Hebei Zhe Yi Jian”) . . . . .	Xiao Feng, an executive director of the Company, serves as the legal representative of the entity.
Mr. Yu Guang . . . . .	Single largest shareholder

\* English names are for identification purpose only.

The Group had the following significant transactions and balances with related parties:

(a) **Related party transactions**

(i) **Revenue from sales of goods (included in revenue)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi. . . . .	208	58	28	24	17
Hebei Zhe Yi Jian . . . . .	–	46	39	39	–
	<u>208</u>	<u>104</u>	<u>67</u>	<u>63</u>	<u>17</u>

(ii) **Rental income (included in other income)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi. . . . .	<u>5,143</u>	<u>5,143</u>	<u>3,656</u>	<u>2,742</u>	<u>2,788</u>

(iii) **Purchases of raw materials (included in cost of sales)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi. . . . .	<u>196</u>	<u>3</u>	<u>982</u>	<u>571</u>	<u>768</u>

(b) **Related party balances**

	Year ended December 31,			As at
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
Trade and other receivables – Trade nature:				
Tongmu Zhuyi . . . . .	–	–	–	1,115
Trade and other payables – Trade nature:				
Tongmu Zhuyi . . . . .	–	–	–	232

(c) **Guarantees provided by related party**

During the year ended December 31, 2022, guarantees of RMB128,500,000 for borrowings were provided by Mr. Yu, the controlling shareholder of the Group. The guarantees were fully released in the year ended December 31, 2022.

(d) **Compensation of key management personnel**

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period was as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' fees . . . . .	180	90	150	105	145
Salaries and other benefits . . . . .	2,338	2,769	3,731	1,711	1,840
Retirement benefits scheme contribution . . .	101	169	120	103	122
	<u>2,619</u>	<u>3,028</u>	<u>4,001</u>	<u>1,919</u>	<u>2,107</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

**34. RESERVES MOVEMENT OF THE COMPANY**

	Capital reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2022</b> . . . . .	128,640	4,450	40,049	173,139
Capital contribution from shareholder . .	162	–	–	162
Profit and total comprehensive income for the year . . . . .	–	–	52,413	52,413
Transfer to statutory reserve . . . . .	–	5,241	(5,241)	–
<b>As at December 31, 2022</b> . . . . .	128,802	9,691	87,221	225,714
Profit and total comprehensive income for the year . . . . .	–	–	40,976	40,976
Transfer to statutory reserve . . . . .	–	4,098	(4,098)	–
<b>As at December 31, 2023</b> . . . . .	128,802	13,789	124,099	266,690
Profit and total comprehensive income for the year . . . . .	–	–	76,299	76,299
Transfer to statutory reserve . . . . .	–	7,630	(7,630)	–
<b>As at December 31, 2024</b> . . . . .	128,802	21,419	192,768	342,989
Profit and total comprehensive income for the period . . . . .	–	–	39,268	39,268
Transfer to statutory reserve . . . . .	–	3,927	(3,927)	–
<b>As at September 30, 2025</b> . . . . .	<u>128,802</u>	<u>25,346</u>	<u>228,109</u>	<u>382,257</u>

**35. DETAILS OF SUBSIDIARIES**

**The Company**

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost (note). . . . .	<u>3,974</u>	<u>3,974</u>	<u>5,774</u>	<u>7,774</u>

*Note:* During the nine months ended September 30, 2025, the Company injected capital contribution in cash of RMB1,000,000 into each of the subsidiary, namely Tongshifu (Hangzhou) Cultural and Creative Co., Ltd. and Xijiang Gold Shop (Hangzhou) Culture Co., Ltd.

The direct and indirect interests in the following subsidiaries held by the Company during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 are as follows:

Name of subsidiaries	Place of establishment	Date of incorporation/establishment	Registered capital/issued and fully paid capital (RMB'000)	Attributable equity interests held by the Company as at				Principal activities	Notes	
				December 31,		September 30,				
				2022	2023	2024	2025			
Hangzhou Zhibo SanitaryWare Co., Ltd.	PRC	June 1, 2012	2,000	100%	100%	100%	100%	100%	House leasing	Note
Hangzhou Weitai Artwork Co., Ltd.	PRC	March 29, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on e-commerce platforms to sell wooden cultural and creative products	Note
Hangzhou Xijiang Art Painting Co., Ltd.	PRC	October 11, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on the e-commerce platform to sell bronze sculptures	Note
Huanxi Xiaojiang (Hangzhou) Cultural and Creative Co., Ltd.	PRC	November 2, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on e-commerce platforms to sell plastic trendy products	Note
Yue Yin (Hangzhou) Cultural and Creative Co., Ltd.	PRC	June 27, 2022	1,000	100%	100%	100%	100%	100%	Operating store(s) on an e-commerce platform to sell silver cultural and creative products	Note
Tongshifu (Hangzhou) Cultural and Creative Co., Ltd.	PRC	April 17, 2023	1,000	-	100%	100%	100%	100%	Retails of literary and artistic creation, arts and crafts, and figures	Note
Xijiang Gold Shop (Hangzhou) Culture Co., Ltd.	PRC	July 17, 2024	1,000	-	-	100%	100%	100%	Operating store(s) on an e-commerce platforms to sell gold cultural and creative products	Note

None of the subsidiaries had issued any debt securities at the end of the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025.

*Note:* No audited financial statements of these entities for the years ended December 31, 2022, 2023, 2024 and 2025, if applicable, have been prepared as of the date of this report.

### 36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to September 30, 2025, and up to date of this report.

### 37. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after September 30, 2025 and up to the date of this report.